

**Policy & Resources Committee****30 August 2016****Executive and Corporate Services Department - Performance Overview Report
3 Month / 1st Quarter 2016/17****Report No: CRP-20-16-F****Director of Corporate Services****1.0 Summary**

- 1.1 This report summarises the activity and performance of the Executive and Corporate Services Department for the 1st Quarter of 2016/17.
- 1.2 The report looks at the support provided across the Council's priorities, identifies project work that is being undertaken and summarises performance against the indicators that have been used over the last 2 years.

2.0 Decision Required

That the Policy & Resources Committee:

- 2.1 REVIEW the information presented in this report and COMMENT on progress made with regard to service development priorities, performance in service delivery and the targets currently being measured.

3.0 Detail

- 3.1 The vision for the Council's Corporate Plan, "Our Plan" 2016-2020 is, "By the end of this plan (2020) we want to be known as an excellent organisation that works well with our partners to deliver sustainable services for the people of Shetland". The top development priorities for Our Plan are to:
 - Complete and move into the new Anderson High School and Halls of Residence;
 - Increase the supply of affordable housing in Shetland;
 - Improve high-speed broadband and mobile connections throughout Shetland;

- Support older people across Shetland so they can get the services they need to help them live as independently as possible; and
 - Provide quality transport services within Shetland and push for improvements in services to and from Shetland.
- 3.2 Our Plan 2016 to 2020 also includes 20 things we aim to achieve by 2020. “Our 20 By ‘20”, focuses on how we will work together across the Council and with the community to deliver Our Plan.
- 3.3 Appendix A sets out the progress made on some of the main projects and actions being undertaken by Executive and Corporate Services which help to deliver Our Plan 2016-2020.
- 3.4 Appendix B shows the current performance indicators for the Executive Services and Corporate Services Department. These are taken from the 2016/17 Directorate Plan.
- 3.5 Appendix C provides information regarding the number of complaints open during Q1 2016/17. There are just two complaints recorded. These have been open for some considerable time as the issues are particularly complex.

4.0 Implications

Strategic

- 4.1 Delivery on Corporate Priorities – Effective planning and performance management are key features of Our Plan 2016-20.
- 4.2 Community /Stakeholder Issues – Effective performance management and continuous improvement are important duties for all statutory and voluntary sector partners in maintaining appropriate services for the public. We must deliver Best Value for the community of Shetland.
- 4.3 Policy and/or Delegated Authority –
The Council’s Constitution – Part C - Scheme of Administration and Delegations provides in its terms of reference for Functional Committees (2.3.1 (2)) that they;
- “Monitor and review achievement of key outcomes in the Service Plans within their functional area by ensuring –
- (a) Appropriate performance measures are in place, and to monitor the relevant Planning and Performance Management Framework.
- (b) Best value in the use of resources to achieve these key outcomes is met within a performance culture of continuous improvement and customer focus.”
- 4.4 Risk Management – Embedding a culture of continuous improvement and customer focus are key aspects of the Council’s improvement activity. Effective performance management is an important component of that which requires the production and consideration of these reports. Failure to deliver and embed this increases the risk of the Council working inefficiently, failing to focus on customer needs and

being subject to negative external scrutiny. The Council's departments each maintain a high level risk register. Risk registers are the subject of separate reports on today's agenda.

4.5 Equalities, Health And Human Rights – The Council is required to make sure our systems are monitored and assessed for any implications in this regard. During 2014/15 an Equal Pay Audit was completed and reported separately. This contributes towards the work on equalities which is a priority in the Corporate Plan

4.6 Environmental – None arising directly from this report.

Resources

4.7 Financial – The actions, measures and risk management described in this report has been delivered within existing approved budgets.

4.8 Legal – None arising directly from this report.

4.9 Human Resources - None arising directly from this report.

4.10 Assets And Property – None arising directly from this report.

5.0 Conclusions

5.1 This report presents progress made by Executive Services and Corporate Services Department in Q1 of 2016/17 against priorities identified in the Council's Our Plan 2016-2020 and the Corporate Services & Executive Services Directorate Plan 2016/17.

5.2 This report is part of the Council's Planning and Performance Management Framework.

For further information please contact:

Christine Ferguson, Director of Corporate Services

christine.ferguson@shetland.gov.uk

01595 743819

23 August 2016

List of Appendices

Appendix A – Projects and Actions

Appendix B – Performance Indicators – Executive Services and Corporate Services Directorate

Appendix C – Complaints

Appendix A - Projects and Actions - Chief Executive and Corporate Services Directorate



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OUR PLAN 2016-2020

E) CONNECTION & ACCESS

2) Broadband


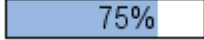

More people will have access to high-speed broadband and reliable mobile connections, helping to connect people, communities and businesses throughout Shetland.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP075 Work to improve broadband availability and bandwidth to SIC sites	By liaising and coordinating the activities of the ICT Service, Economic Development's "Shetland Telecom" Project, HIE BDUK Next Generation Broadband Project and Community Broadband Scotland through the ICT Network Strategy Programme Board	More people will have access to high-speed broadband and reliable mobile connections	Planned Start	01-Apr-2014		Staff in Corporate Services and Development are working to produce a strategy for lobbying the Scottish and National Governments and a detailed digital strategy. We have engaged with mobile phone provider EE regarding the implementation of 4G as part of the Emergency Services Contract. BT continues to install fibre and cabinets and we have been able to use this to deliver better services to some rural locations - Dunrossness School, Happyhansel School, Wastview Care Centre, as well as a number of locations in Lerwick. We are working with Community Broadband Scotland and the community in Fair Isle to establish a community broadband scheme for the island. The announcement, expected late 2016, of how the last tranche of the BDUK funds will be distributed may create further opportunities.	Corporate Services Directorate
			Actual Start	01-Apr-2014	<div><div>30%</div></div>		
			Original Due Date	31-Mar-2015	Expected success		
			Due Date	31-Mar-2020			
			Completed Date		Experiencing issues, risk of failure to meet target		

F) OUR "20 BY '20"


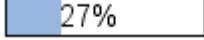

03) Shetland's "voice"

We will have made Shetland's voice heard, with regular and meaningful lobbying of Scottish and UK governments and EU bodies on important issues affecting the islands.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP037 Council's Constitutional Reform project and OIOF campaign	Take a lead role in managing the support to the Council's Constitutional Reform project and OIOF campaign. Implementation of Islands Proofing with both the UK and Scottish Governments. Campaign Joint position statement	Further develop islands' position with both UK and Scottish Governments and political parties, delivering the proposals offering in the "Framework for the Islands" and "Empowering Scotland's Islands Communities". Islands Bill and national Islands Plan consultation Implementation of Islands Proofing with both Govts Participation in Islands Oil and Gas Forum, Islands Transport Forum	Planned Start	01-Apr-2015		UK Government annual islands summit planned and delivered. Enhancing local democracy study commissioned. Strategic Outline cases produced across 3 islands for 11 themes. Engagement with new Transport ad Islands Minister. Funding for Emergency Towing Vessels (ETVs) confirmed by UK Government. Islands Bill preparation and research.	Executive Services
			Actual Start	01-Jul-2015			
			Original Due Date	31-Mar-2016	Expected success		
			Due Date	31-Mar-2017			
			Completed Date		Likely to meet or exceed target		


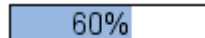

04) IT equipment & systems



Modern IT equipment and systems will be supporting new ways of working, helping services run efficiently and effectively.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP078 New HR ICT system	Implement new HR CHRIS 8 system	Ensuring our Council-wide workforce information system can fully support our business	Planned Start	01-Apr-2015		Due to ongoing technical issues with Frontier, the timeline for this project has been delayed. Testing now to commence approximately June/July 2016, with a go live date expected by 31 March 2017. The CHRIS project board have now agreed that testing will now take place for 10 days during December 2016 to prepare for going live in January 2017.	Corporate Services Directorate
			Actual Start	10-Apr-2015			
			Original Due Date	30-Apr-2017	Expected success		
			Due Date	30-Apr-2017			
			Completed Date		Likely to meet or exceed target		

05) Standards of governance



High standards of governance, that is, the rules on how we are governed, will mean that the council is operating effectively and the decisions we take are based on evidence and supported by effective assessments of options and potential effects.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP033 Corporate Governance Review	Conduct the Corporate Governance Review and implement its recommendations.	Review of Code of Corporate Governance to be completed which will identify any improvement actions for 2016/17.	Planned Start	01-Apr-2014		Time line for completion of projects reviewed from 31 March 2016 to 30 November 2016, based on current progress with ZetTrans and STERT reviews. ZetTrans Action Plan being developed and project work commenced in February 2016, with final governance documents to be implemented by November 2016. Timeline for review of O&SVJB governance arrangements to be agreed.	Governance & Law
			Actual Start	23-Apr-2015			
			Original Due Date	30-Nov-2015	Expected success		
			Due Date	30-Nov-2016			
			Completed Date				

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead	
DP080 Corporate Records Management Improvement Plan	Assessment and Review Framework to be drafted and agreed with CMT with agreed work streams for improvement actions.	By 31 August 2016 - Information Strategy and Improvement Programme agreed; by 31 October 2016 - Records Management Plan submitted to the Keeper.	Planned Start	01-Jan-2015		Council wide self assessments in relation to records management and FOISA request handling completed. Assessments used to inform position statement, draft Information Strategy and Improvement Programme - first drafts to be submitted to CMT by the end of August 2016. Records Management Plan to be reported to the Keeper of the National Records for Scotland by the end of October 2016. Timeline for completion of this project has been amended from 31 March 2016 to 31 October 2016.	Governance & Law	
			Actual Start	21-Jul-2015	<div><div>25%</div></div>			
			Original Due Date	31-Mar-2016	Expected success			
			Due Date	31-Oct-2016		Likely to meet or exceed target		
			Completed Date					

06) Financial management

Excellent financial management arrangements will make sure we are continuing to keep to a balanced and sustainable budget, and are living within our means.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP072 Develop a Long Term Financial Plan	To build on initial long term planning and present financial picture over 20 year period.		Planned Start	01-Apr-2014		Initial meetings between Directors, Chairs and Vice Chairs with Finance have taken place to discuss vision and longer term shape of services. This will be built on and, in conjunction with work on assets and local government financial settlement information, an overall plan will be prepared.	Finance
			Actual Start	01-Mar-2015	<div><div></div>10%</div>		
			Original Due Date	31-Mar-2016	Expected success		
			Due Date	24-Oct-2016	 Likely to meet or exceed target		
			Completed Date				

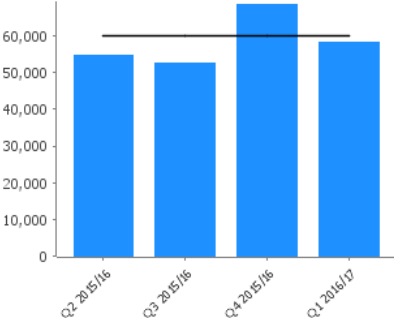
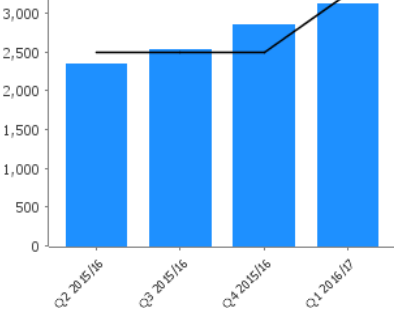
13) Workforce planning

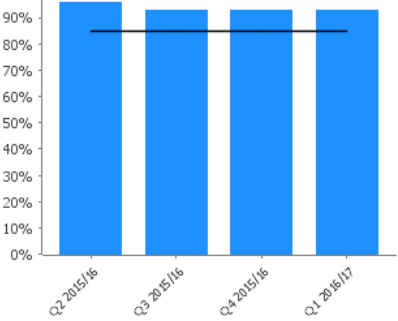
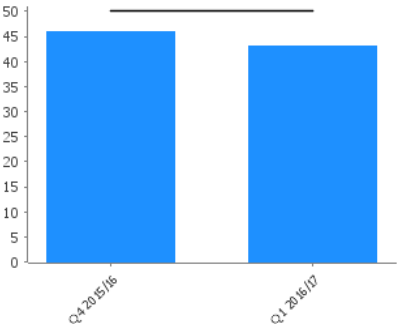
We will have found ways of filling our 'hard to fill' posts and increased the number of ways that young people can join our workforce.

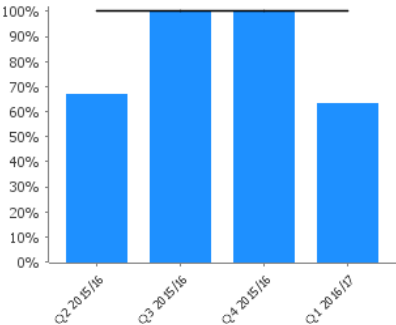
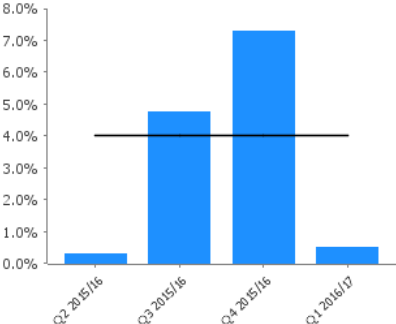
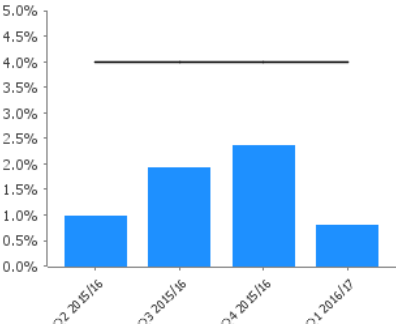
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement	Lead
DP046 Develop and deliver a Council Workforce Strategy	Strategic document in place that sets out the organisations approach to people management which supports the delivery of the Council's priorities and plans.	Increased staff/employer satisfaction	Planned Start	01-Mar-2015		The Strategy was submitted and approved by Policy & Resources Committee on 18 April 2016. Work will now take place to deliver the Improvement Activities set out including a Council wide approach to workforce planning.	Human Resources
			Actual Start	23-Oct-2015	<div><div>100%</div></div>		
			Original Due Date	30-Apr-2016	Expected success		
			Due Date	30-Apr-2016			
			Completed Date	02-May-2016			

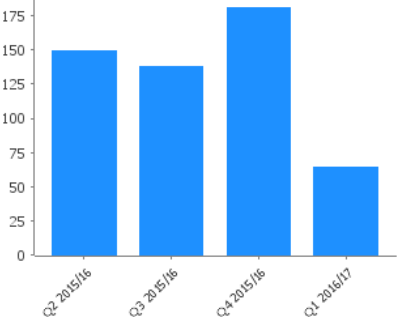
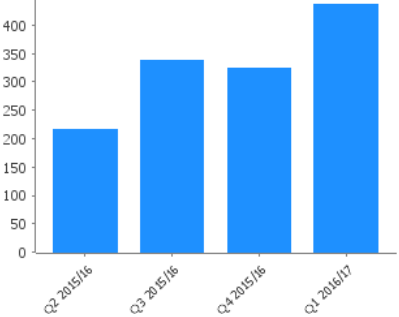
Appendix B Performance Indicators (Quarterly)- Chief Executive and Corporate Services Directorate

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Code & Short Name	Previous Years		Current year (to date)	Quarters				Q1 2016/17 Target	Graphs	(past) Performance & (future) Improvement Statements
	2014/15	2015/16		Q2 2015/16	Q3 2015/16	Q4 2015/16	Q1 2016/17			
	Value	Value		Value	Value	Value	Value			
AX05 Number of unique visits to the Council's internet site (1000s)	243,888	231,932	58,089	54,575	52,671	68,623	58,089	60,000		<p>Performance: Recording just under 20,000 visits each month means we are marginally below the 60,000 quarterly target, but only just. A fairly consistent quarter with no peaks in activity.</p> <p>Improvement: More work needed to drive traffic to our website to not only meet but exceed 20,000 unique visits per month. Our web co-ordinators continue to meet to improve website access and content.</p>
AX07 Number of Twitter followers	1,900	2,845	3,112	2,351	2,537	2,845	3,112	3,250		<p>Performance: With 3,112 followers at the end of June we are already well on the way to meeting this year's target of 4,000. We are also monitoring engagements with our Twitter feed (clicks, likes and retweets).</p> <p>Improvement: We will continue to engage with services and deliver useful and informative content on our Twitter feed to followers. We will also develop our creative thinking around content, not only the use of photos but also video, to boost followers.</p>

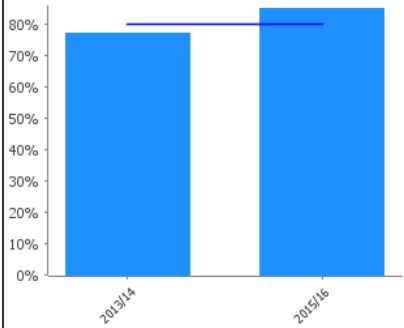
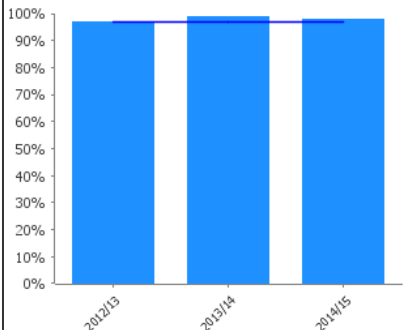
	Previous Years		Current year (to date)	Quarters						
Code & Short Name	2014/15	2015/16	2016/17	Q2 2015/16	Q3 2015/16	Q4 2015/16	Q1 2016/17	Q1 2016/17	Graphs	(past) Performance & (future) Improvement Statements
	Value	Value	Value	Value	Value	Value	Value	Target		
FI02 Percentage % of ICT projects which are on time and within budget	91%	92%		96%	93%	93%	93%	85%		<p>Performance: 85% of projects to be completed within project tolerance with regard to both budget and timescale. Of 29 projects, 2 did not meet time or budget targets.</p> <p>Improvement: To improve the planning of projects to enable accurate planning with regard to budget and timescale and document aspects outwith our control</p>
FI05 Average number of open ICT support work orders	55					46	43	50		<p>Performance: No reliable figures were available for Q2 and Q3 as a new Service Desk system was being implemented, but figures are available for Q4.</p> <p>Improvement: The more open work orders we have which require a technician to visit, the longer staff are having to wait to have their ICT problems solved. Many open work orders also make managing workloads difficult for both technicians and managers. The aim, therefore, is to try to have as few work orders waiting for attention as possible, meaning happier, less stressed, technicians and staff who are not hindered in their work for any longer than necessary. We will do this by prioritising this support work over requests for new equipment, project work and other routine tasks and if necessary, by diverting staff from other teams in IT to make sure the overall level of support work orders do not exceed 50.</p>

	Previous Years		Current year (to date)	Quarters						
Code & Short Name	2014/15	2015/16	2016/17	Q2 2015/16	Q3 2015/16	Q4 2015/16	Q1 2016/17	Q1 2016/17	Graphs	(past) Performance & (future) Improvement Statements
	Value	Value	Value	Value	Value	Value	Value	Target		
FL01 Data Subject Requests - % responded to within 40 days	73%	81%		67%	100%	100%	63%	100%		Performance: Respond 100% within statutory 40 day deadline. Improvement: The number and increasing complexity of some requests in addition to the existing workload of staff in Committee Services impacts on the ability to respond within the timescales required.
OPI-4C-A Sick %age - Chief Executive's "Directorate"	2.4%	3.6%	0.5%	0.3%	4.8%	7.3%	0.5%	4.0%		Performance can be impacted upon by a single longer-term absence. However, we will continue to monitor closely.
OPI-4C-F Sick %age - Corporate Services Directorate	2.4%	1.8%	0.8%	1.0%	1.9%	2.4%	0.8%	4.0%		Performance: Q4 tends to have a higher sickness percentage than other quarters. However, there has been an improvement in the yearly sickness figures for 2015/16. Improvement: We hope to maintain these good results through 2016/17.

	Previous Years		Current year (to date)	Quarters						
Code & Short Name	2014/15	2015/16	2016/17	Q2 2015/16	Q3 2015/16	Q4 2015/16	Q1 2016/17	Q1 2016/17	Graphs	(past) Performance & (future) Improvement Statements
	Value	Value	Value	Value	Value	Value	Value	Target		
OPI-4E-A Overtime Hours - Chief Executive's "Directorate"	720	642	64	149	138	181	64			This relates to overtime that is necessary to provide staff for evening hires at the Town Hall, cost of which is covered through income. The level has been reduced over the past 3 years. We will continue to find efficient ways to support evening hires, being mindful of costs.
OPI-4E-F Overtime Hours - Corporate Services Directorate	1,717	1,541	437	217	338	323	437			Performance: Q1 overtime needed for final accounts and AHS project. Improvement: Current action is cost effective and no improvement action is planned.

Appendix B (cont) - Performance Indicators (Annual)- Chief Executive and Corporate Services Directorate

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Code & Short Name	Previous Years				Graphs	(past) Performance & (future) Improvement Statements
	2012/13 Value	2013/14 Value	2014/15 Value	2015/16 Value		
FI07 ICT Customer Satisfaction Survey		77%		85%		<p>Performance: We did not carry out a customer satisfaction survey in 2014/15, due to operational changes. A survey carried out in 2015/16 Q4, showed improved satisfaction.</p> <p>Improvement: We intend to carry out annual surveys to help monitor satisfaction.</p>
FL02 Registration Accuracy	97%	99%	98%			<p>98% accuracy [NRS average]. Performance figures are calculated annually by the NRS District Examiner, by calendar year, and quarterly figures are not available.</p>

Appendix B (cont) - Sickness Absences - All Directorates (for comparison)

NOTE: Sickness absences are very seasonal, therefore this quarter is compared to the same quarter last year (rather than compared to the previous quarter).

Short Name	Previous Years			Last year	This year
	2012/13	2013/14	2014/15	Q1 2015/16	Q1 2016/17
	Value	Value	Value	Value	Value
Sick %age - Whole Council	4.1%	3.6%	4.2%	4.1%	2.5%
Sick %age - Chief Executive's "Directorate"	3.6%	1.4%	2.4%	1.9%	0.5%
Sick %age - Children's Services Directorate	2.8%	2.8%	3.7%	3.1%	2.3%
Sick %age - Community Health & Social Care Directorate	6.4%	6.0%	6.0%	6.3%	4.0%
Sick %age - Corporate Services Directorate	3.0%	1.6%	2.4%	2.0%	0.8%
Sick %age - Development Directorate	3.7%	2.7%	4.2%	4.0%	2.2%
Sick %age - Infrastructure Directorate	4.0%	3.4%	4.0%	4.3%	2.4%

Appendix C - Complaints - Chief Executive & Corporate

This shows all complaints that were open during the Quarter.
Frontline complaints should be closed within 5 working days
Investigations should be closed within 20 working days

Generated on: 23 August 2016

Standard of service received

ID	Stage Title	Received Date	Status	Closed Date	Service/Directorate	Days Elapsed
COM-14/15-154	Investigation	01-Oct-2014	Alert		Governance & Law	479
COM-14/15-155	Investigation	30-Jan-2015	Alert		Governance & Law	397

**Policy and Resources Committee****30 August 2016****Management Accounts for Community Health and Social Care:
2016/17 – Projected Outturn at Quarter 1****F-045-F****Report Presented by Executive Manager -
Finance****Corporate Services****1. Summary**

- 1.1 The purpose of this report is to enable the Policy and Resources Committee to monitor the financial performance of the Community Health and Social Care Directorate to ensure that Members are aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget. This report shows the projected financial consequence of the service performance detailed in the Community Health and Social Care Directorate Performance Reports, and allows the Committee the opportunity to provide early instruction to officers to address any forecast overspends in order that the budget is delivered by the year-end.
- 1.2 This report presents the projected outturn position for 2016/17 as at the end of the first quarter for revenue and capital. The forecasts have been determined by Finance Services after consultation with the relevant Budget Responsible Officers.
- 1.3 The projected outturn position for the services in this Directorate is an underspend of £335k on revenue, before any application of cost pressure and contingency budget, and an overspend of £90k on capital.

2. Decision Required

- 2.1 That the Policy and Resources Committee RESOLVE to review the Management Accounts showing the projected outturn position at Quarter 1.

3. Background

- 3.1 On 10 February 2016 (SIC Min Ref: 2/16) the Council approved the 2016/17 revenue and capital budgets for the Council (including the General Fund, Harbour Account, Housing Revenue Account and Spend to Save) requiring a draw from reserves of £8.106m. It is vital to the economic wellbeing of the Council that the financial resources are managed effectively and expenditure and income is delivered in line with the budget, as any overspends will result in a further draw on reserves and would be evidence that the Council is living beyond its means.
- 3.2 This report forms part of the financial governance and stewardship framework which ensures that the financial position of the Council is acknowledged, understood and quantified on a regular basis. It provides assurance to the Corporate Management Team and the Committee that resources are being managed effectively and allows corrective action to be taken where necessary.
- 3.3 Since the approval of the 2016/17 budget, revisions to the budget have been incorporated for the Council's budget carry-forward scheme. Therefore this report refers to the revised budget that is now in place for each of the services.

Cost Pressures & Contingencies Budget

- 3.4 Provision was made in the Council's 2016/17 Budget for a cost pressures and contingencies budget. This budget covers both Council-wide and service specific issues. It is held centrally by the Executive Manager – Finance.
- 3.5 This approach assists the Council to mitigate any spending risks. However, it is expected that Services will endeavour, in the first instance, to meet any additional costs from within existing resources.
- 3.6 Cost pressures are recurring in nature and increase the base cost of the service being delivered e.g. pay award, whereas contingency items are deemed non-recurring and are likely to vary year on year e.g. Off-Island Placements.
- 3.7 The cost pressures and contingencies budgets are only released when the Executive Manager – Finance is satisfied that the cost pressure has materialised or that the conditions exist to release the contingency.
- 3.8 Whether or not the cost pressures and contingencies budget is applied does not impact upon the carry-forward scheme as adjustments are made to ensure that Services are not penalised for being able to contain costs within existing resources.
- 3.9 There are cost pressure and contingency budgets held centrally for the Community Health and Social Care Directorate which have not yet been applied to address the specific projected overspends to which they relate. This will be reviewed and these budgets allocated later in the year if it is established that the additional spend cannot be met from underspending or additional income across the service area. The items which have been highlighted to date are:

Independent Sector Placements - £155k
Off-Island Placements - £372k

Revenue

- 3.10 The projected revenue outturn position for the Community Health and Social Care Directorate is an underspend of £335k (1.8%) which means the services in this Committee area are collectively projected to spend less than their Council approved budget. The projected outturn includes £580k of recurring savings, which relates to continued underspend in employee costs within the Directorate. Detailed analysis of the 2015/16 employee costs underspend is being conducted which will inform the 2017/18 budget process. See Appendix 1 of this report for further detail.

Capital

- 3.12 The projected capital outturn position for the Community Health and Social Care Directorate is an overspend of £90k (2.7%). See Appendix 2 of this report for further detail.

4. Implications

Strategic

4.1 Delivery On Corporate Priorities

There is a specific objective in the Corporate Plan to ensure that the Council is “continuing to keep to a balanced and sustainable budget, and are living within our means” and the Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.

The Medium Term Financial Plan also includes a stated objective to achieve financial sustainability over the lifetime of the Council.

4.2 Community /Stakeholder Issues – None.

4.3 Policy And/Or Delegated Authority

Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2016/17 financial year. This report provides information to enable the Committee to ensure that the services within its remit are operating within the approved budgets.

4.4 Risk Management

4.4.1 There are numerous financial risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.

4.4.2 From a financial perspective, risks are an integral part of planning for the future as assumptions are required to be made. These assumptions can

be affected by many internal and external factors, such as supply and demand, which may have a detrimental financial impact.

- 4.4.3 The main financial risks for services in this report relate to unexpected demand for services which may be costly depending on the circumstances.
- 4.4.4 This report is part of the framework that provides assurance, or recognition of any deviation from the budget that may place the Council in a financially challenging position and require remedial action.
- 4.4.5 The Council makes provision within its budget for cost pressures that may arise. This approach provides additional confidence for the Council to be able to mitigate any adverse financial circumstances.
- 4.4.6 A strong balance sheet and the availability of usable reserves also ensures that the Council is prepared for significant unforeseen events.
- 4.4.7 Any draw on reserves beyond the Council's sustainable level would have an adverse impact on the level of returns from the Council's long-term investments. This situation would require to be addressed quickly to ensure no long term erosion of the investments.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

- 4.7.1 The 2016/17 Council budget does not require a draw on reserves in excess of the returns that the fund managers can make on average in a year, and therefore demonstrates that the Council is living within its means. To achieve this, a one-off underspend from the 2015/16 budget has been used to balance the General Fund. This is one-off solution for 2016/17.
- 4.7.2 For every £1m of reserves spent in excess of a sustainable level it will mean that the Council will have to make additional savings of £73k each year in the future as a result of not being able to invest that £1m with fund managers to make a return.
- 4.7.3 It is therefore vital that the Council delivers its 2016/17 budget, and this report demonstrates that the services under the Community Health and Social Care Directorate are projecting to achieve this.
- 4.7.4 In line with the Medium Term Financial Plan, it is anticipated that officers will endeavour to absorb a proportion of cost pressures and contingencies within existing budgets as the year progresses.

4.7.5 Members should note that there is projected to be sufficient cost pressure & contingency budget to meet the projected overspend at Quarter 1.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5. Conclusions

5.1 The projected outturn position for the services under the Community Health and Social Care Directorate is an underspend of £355k on revenue and an overspend of £90k on capital projects, against the revised budget.

5.2 The total projected recurring revenue savings is £580k.

For further information please contact:

Sheila Duncan

01595 744605

Sheila.duncan@shetland.gov.uk

List of Appendices

Appendix 1 – Projected Revenue Outturn Position 2016/17

Appendix 2 – Projected Capital Outturn Position 2016/17

Background documents:

SIC Budget Book 2016-17, SIC 10 February 2016

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=18870>

Community Health and Social Care

1. Projected Revenue Outturn Position 2016/17

Service	2016/17 Revised Annual Budget £000	Projected Outturn at Quarter 1 £000	Budget v Proj. Outturn Variance (Adv)/ Pos £000
Director of Community Care	747	747	0
Adult Services	4,790	4,651	139
Community Care Resources	9,045	8,369	676
Criminal Justice	20	12	8
Adult Social Work	3,110	3,601	(491)
Occupational Therapy	1,385	1,382	3
Integration Joint Board	(512)	(512)	0
Total Controllable Costs	18,585	18,250	335

An explanation for the main projected outturn variances by service at Quarter 1 are set out below.

1.1 Director of Community Care - projected outturn breakeven

This service area is expected to be on budget.

1.2 Adult Services – projected outturn underspend of £139k (2.9%)

The projected underspend mainly relates to:

- various vacant posts at the Eric Gray Resource Centre, including a vacant Senior Social Care worker which has taken several months to fill, £59k;
- vacant Deputy Manager post in Supported Living and Outreach for first few months, with the Team Leader post in this area currently vacant, combined with less use of relief staff and some staff being paid at a lower pay grade than budgeted, £77k.

It is estimated that £103k of the overall underspend in employee costs within Adult Services is recurring.

1.3 Community Care Resources – projected outturn underspend £676k (7.5%)

The projected underspend is mainly due to:

- a projected underspend on employee costs across the service, most notably in Care at Home Central £369k, where a review of staffing rotas is currently being undertaken, alongside work to assess the impact of movement by service users from Care at Home Service provision to Self-Directed Support packages. A further review project is underway to look at gaps in service support, which may lead to a request to recruit to a number of central administrative posts, and the need for increasing social work involvement in the assessment process to ensure compliance with legislation. If agreed, some of the service under spend may be used to address these issues.
- the remainder of the projected underspend in employee costs relates to rolling vacancies across the service which may take several months to fill, some difficulty in recruiting to Care at Home posts in specific areas, a reduction in actual Care at Home hours delivered against budget, as the level of care packages can fluctuate during the year depending on demand, coupled with less use of relief staff to cover annual leave than budgeted for, £268k.;
- a review project is underway to look at gaps in service support, which may lead to a request to recruit to a number of central administrative posts. There is also a need to look increasing social work involvement in the assessment process to ensure compliance with legislation. It is envisaged that some of the service under spend may be used to address these issues.
- expected over-achievement of income from charging for board and accommodation and other non-residential charges. This can vary significantly from budget due to changing customer base and it is dependent on the financial circumstances of those receiving care, £185k;
- there is a projected overspend on Independent Sector Placements of (£155k).

It is forecast that £477k of the employee costs underspend in Community Care Resources is recurring, however with all the review work currently being done within the service, estimation is difficult. The expected over-achievement of income from charging is a one-off saving.

There is a contingency budget for Independent Sector Placements which may be allocated if costs cannot be met by underspends during the year.

1.4 Criminal Justice – projected outturn underspend of £8k (40%)

There are no significant variances in this service area.

1.5 Adult Social Work – projected outturn overspend of (£491k) (15.8%)

The projected overspend mainly relates to:

- increased demand for care services to be provided from Self-Directed Support packages. This projection is based on the current level of

packages being provided, (£438k). This is offset by additional funding agreed by the IJB to be used for this purpose, £348k;

- a projected overspend in Off-Island Placements (£372k).

There is a contingency budget for Off-Island Placements which may be allocated if costs cannot be met by underspends during the year

1.6 Occupational Therapy - projected outturn underspend £3k (0.2%)

There are no significant variances in this service area.

1.8 Integration Joint Board - projected outturn breakeven

This service area is expected to be on budget.

Community Health and Social Care

2. Projected Capital Outturn Position 2016/17

Service	2016/17 Revised Annual Budget £000	Projected Projected Outturn Quarter 1 £000	Budget v Proj. Outturn Variance (Adv)/ Pos £000
Director of Community Care	8	8	0
Adult Services	3,023	3,023	0
Community Care Resources	291	381	(90)
Total Controllable Costs	3,322	3,412	(90)

An explanation for the main projected outturn variances by service at Quarter 1 are set out below.

2.1 Director of Community Care - projected outturn breakeven

The service is expecting to be on budget.

2.2 Adult Services – projected outturn breakeven

The service is expecting to be on budget

2.3 Community Care Resources – projected outturn overspend of (£90k) (1.3%)

The projected overspend relates to the ET and Taing House Extension project. The overspend is to replace laundry equipment (£26k) and upgrade, reconfigure and extend the fire alarm system/nurse call system, (£64k). This is to be funded as part of the spend to save project and there are recurring savings within the service in-line with the requirements of the Spend to Save Scheme.

**Policy and Resources Committee****30 August 2016****Management Accounts for Policy and Resources Committee:
2016/17 – Projected Outturn at Quarter 1****F-048-16-F****Report Presented by Executive Manager -
Finance****Corporate Services****1. Summary**

- 1.1 The purpose of this report is to enable the Policy and Resources Committee to monitor the financial performance of services within its remit to ensure that Members are aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget. This report shows the projected financial consequence of the service performance detailed in the Executive and Corporate Services Department Performance Report, and allows the Committee the opportunity to provide early instruction to officers to address any forecast overspends in order that the budget is delivered by the year-end.
- 1.2 This report presents the projected outturn position for 2016/17 as at the end of the first quarter for revenue and capital. The forecasts have been determined by Finance Services after consultation with the relevant Budget Responsible Officers.
- 1.3 The projected outturn position for services in this Committee area is an overspend of £228k on controllable revenue, before the application of cost pressure and contingency budget, and breakeven on capital. Fund Manager Fees are non controllable and are projected to be £67k overspent.

2. Decision Required

- 2.1 That the Policy and Resources Committee RESOLVE to review the Management Accounts showing the projected outturn position at Quarter 1.

3. Background

- 3.1 On 10 February 2016 (SIC Min Ref: 2/16) the Council approved the 2016/17 revenue and capital budgets for the Council (including the General Fund, Harbour Account, Housing Revenue Account and Spend to Save) requiring a draw from reserves of £8.106m. It is vital to the economic wellbeing of the Council that the financial resources are managed effectively and expenditure and income is delivered in line with the budget, as any overspends will result in a further draw on reserves and would be evidence that the Council is living beyond its means.
- 3.2 This report forms part of the financial governance and stewardship framework which ensures that the financial position of the Council is acknowledged, understood and quantified on a regular basis. It provides assurance to the Corporate Management Team and the Committee that resources are being managed effectively and allows corrective action to be taken where necessary.
- 3.3 Since the approval of the 2016/17 budget, revisions to the budget have been incorporated for the Council's budget carry-forward scheme. Therefore this report refers to the revised budget that is now in place for each of the services.

Cost Pressures & Contingencies

- 3.4 Provision was made in the Council's 2016/17 Budget for cost pressures and contingencies. This budget covers both Council-wide and service specific issues. It is managed centrally by the Executive Manager – Finance.
- 3.5 This approach assists the Council to mitigate any spending risks. However, it is expected that Services will endeavour, in the first instance, to meet costs from within existing resources.
- 3.6 Cost pressures are recurring in nature and increase the base cost of the service being delivered e.g. pay award, whereas contingency items are deemed non-recurring and are likely to vary year on year e.g. external recruitment costs for senior officers.
- 3.7 The cost pressures and contingencies budgets are only released when the Executive Manager – Finance is satisfied that the cost pressure has materialised or that the conditions exist to release contingency.
- 3.8 Whether or not the cost pressures and contingencies budget is applied does not impact upon the carry-forward scheme as adjustments are made to ensure that Services are not penalised for being able to contain costs within existing resources.
- 3.9 There are cost pressure and contingency budgets held centrally for Corporate and Executive Services which have not yet been applied to address the specific projected overspends to which they relate. This will be reviewed and these budgets allocated later in the year if it is established that the additional spend cannot be met from underspending or additional income across the service area. The items which have been highlighted to date are:

Finance – External Audit Fees - £20k

Revenue

- 3.10 The projected revenue outturn position for Policy and Resources Committee is an overspend of £228k (2%) which means that services in this Committee area are collectively projected to spend more than their Council approved budget prior to any additional cost pressure or contingency budget allocation. There are no recurring savings identified at this time. See Appendix 1 of this report for further detail.
- 3.11 The projected outturn position of all Council budgets for insurance, training and office recharges which are controlled by Corporate Services are now being shown in this report for review by Policy and Resources Committee as, although these budgets relate to all service areas of the Council including the Harbour Account and the HRA, they are budgeted, monitored and the outturn projected by Corporate Services. See Appendix 1 of this report for further detail.

Capital

- 3.12 The projected capital outturn position for Policy and Resources Committee is breakeven. See Appendix 2 of this report for further detail.

Fund Manager Fees

- 3.13 The projected revenue outturn position for Fund Manager Fees (which are non-controllable), is an overspend of £67k (8%). These fees reflect the value of funds invested throughout the year. See Appendix 1 of this report for further detail.

4. Implications

Strategic

4.1 Delivery On Corporate Priorities

There is a specific objective in the Corporate Plan to ensure that the Council is “continuing to keep to a balanced and sustainable budget, and are living within our means” and the Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.

The Medium Term Financial Plan also includes a stated objective to achieve financial sustainability over the lifetime of the Council.

4.2 Community /Stakeholder Issues – None.

4.3 Policy And/Or Delegated Authority

Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of

the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2016/17 financial year. This report provides information to enable the Committee to ensure that the services within its remit are operating within the approved budgets.

4.4 Risk Management

- 4.4.1 There are numerous financial risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.
- 4.4.2 From a financial perspective, risks are an integral part of planning for the future as assumptions are required to be made. These assumptions can be affected by many internal and external factors, such as supply and demand, which may have a detrimental financial impact.
- 4.4.3 The main financial risk for services in this Committee area is:
- the demand for essential training across the Council is in excess of the budget available.
- 4.4.4 This report is part of the framework that provides assurance, or recognition of any deviation from the budget that may place the Council in a financially challenging position and require remedial action.
- 4.4.5 The Council makes provision within its budget for cost pressures that may arise. This approach provides additional confidence for the Council to be able to mitigate any adverse financial circumstances.
- 4.4.6 A strong balance sheet and the availability of usable reserves also ensures that the Council is prepared for significant unforeseen events.
- 4.4.7 Any draw on reserves beyond the Council's sustainable level would have an adverse impact on the level of returns from the Council's long-term investments. This situation would require to be addressed quickly to ensure no long term erosion of the investments.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

- 4.7.1 The 2016/17 Council budget does not require a draw on reserves in excess of the returns that the fund managers can make on average in a year, and therefore demonstrates that the Council is living within its means. To achieve this, a one-off underspend from the 2015/16 budget has been used to balance the General Fund. This is a one-off solution for 2016/17.

- 4.7.2 For every £1m of reserves spent in excess of a sustainable level it will mean that the Council will have to make additional savings of £73k each year in the future as a result of not being able to invest that £1m, and make a return.
- 4.7.3 It is therefore vital that the Council delivers its 2016/17 budget, and this report demonstrates that the services under the remit of the Policy and Resources Committee are not projecting to achieve this due to additional contingency events.
- 4.7.4 In line with the Medium Term Financial Plan, it is anticipated that officers will endeavour to absorb a proportion of cost pressures and contingencies within existing budgets as the year progresses.
- 4.7.5 HR are currently undertaking a detailed review of training across the Council, to ensure that the projected level of essential training can feasibly be delivered in the year.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5. Conclusions

5.1 The projected outturn position for the services under the remit of the Policy and Resources Committee is an overspend of £228k on controllable revenue without any application of cost pressure and contingency budget, an overspend of £67k on Fund Managers Fees against the revised budget and breakeven on capital projects.

5.2 There are no recurring revenue savings identified at this time.

For further information please contact:

Janice Thomason

01595 744615

Janice.thomason@shetland.gov.uk

List of Appendices

Appendix 1 – Projected Revenue Outturn Position 2016/17

Appendix 2 – Projected Capital Outturn Position 2016/17

Background documents:

SIC Budget Book 2016-17, SIC 10 February 2016

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=18870>

Policy & Resources Committee

1. Projected Revenue Outturn Position 2016/17

Service	2016/17 Revised Annual Budget £000	Projected Outturn at Quarter 1 £000	Budget v Proj. Outturn Variance at Quarter 1 (Adv)/ Pos £000
Executive Services	1,149	1,147	2
Council Members	607	607	0
Director of Corporate Services	258	319	(61)
Capital Programmes	(47)	(43)	(4)
Finance	2,539	2,585	(46)
Joint Valuation Board	315	312	3
Governance & Law	845	834	11
Human Resources	1,406	1,405	1
ICT	1,457	1,484	(27)
Audit, Risk & Improvement	393	382	11
Insurance	879	879	0
Training	656	774	(118)
Office Recharges	1,990	1,990	0
Total Controllable Costs	12,447	12,675	(228)
Fund Manager Fees	875	942	(67)
Total Non Controllable Costs	875	942	(67)

An explanation of the main projected outturn variances by service at Quarter 1 are set out below:

1.1 Executive Services – projected outturn underspend £2k (0.2%)

There are no significant variances in this service area.

1.2 Council Members – projected outturn breakeven

1.3 Director of Corporate Services – projected outturn overspend (£61k) (24%)

The projected overspend variance relates to the budgeted vacancy factor for the whole of Corporate Services. This will be met from across the directorate, as and when savings are achieved (£64k).

1.4 Capital Programmes - projected outturn overspend (£4k) (9%)

There are no significant variances in this service area.

1.5 Finance - projected outturn overspend (£46k) (2%)

The projected outturn position comprises the following variances:

- external audit fees are projected to be overspent, as they are set externally; and
- the CIPFA Trainee Programme is projected to be overspent as it was agreed to be funded wholly from contingency.

There is a cost pressure budget for external audit fees and a contingency budget for the CIPFA trainee programme which may be allocated if costs cannot be met by underspends during the year. .

1.6 Joint Valuation Board – projected outturn underspend £3k (1%)

There are no significant variances in this service area.

1.7 Governance and Law - projected outturn underspend £11k (1%)

There are no significant variances in this service area.

1.8 Human Resources - projected outturn underspend £1k (0.1%)

There are no significant variances in this service area

1.9 ICT - projected outturn overspend (£27k) (2%)

There are no significant variances in this service area.

1.10 Audit, Risk and Improvement - projected outturn underspend £11k (3%)

There are no significant variances in this service area.

1.11 Insurance – projected outturn breakeven

1.12 Training - projected outturn overspend (£118k) (18%)

This relates to the level of essential training identified across the Council, however work is ongoing to identify the actual feasible amount of essential training that can take place.

1.13 Office Recharges – projected outturn breakeven

1.14 Fund Manager Fees - projected outturn overspend (£67k) (8%)

Fund Manager Fees are based on the value of actively managed reserves throughout the year, and are non-controllable.

Policy & Resources Committee

1. Projected Capital Outturn Position 2016/17

Service	2016/17 Revised Annual Budget £000	Projected Outturn at Quarter 1 £000	Budget v Proj. Outturn Variance at Quarter 1 (Adv)/ Pos £000
Capital Programme	1,718	1,718	0
ICT	675	675	0
Total Controllable Costs	2,393	2,393	0

An explanation of the main variances by service is set out below:

1.1 Capital Programme – projected outturn breakeven

This project is expected to be on budget.

1.2 ICT – projected outturn breakeven

This project is expected to be on budget.



**Policy & Resources Committee
Shetland Islands Council**

**30 August 2016
31 August 2016**

**SIC Overall Management Accounts 2016/17
Projected Outturn at Quarter 1**

F-051-F

**Report Presented by Executive Manager -
Finance**

Corporate Services

1.0 Summary

- 1.1 The purpose of this report is to enable the Policy & Resources Committee to monitor the financial performance of all Council services to ensure that Members are aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget. This allows the Committee the opportunity to provide early instruction to officers to address any forecast overspends in order that the budget is delivered by the year-end.
- 1.2 This report presents the projected outturn position for the 2016/17 year as at the end of the first quarter for revenue and capital. The forecasts have been determined by Finance Services after consultation with the relevant Budget Responsible Officers for the services. This report shows the impact this has on the draw on reserves for 2016/17.
- 1.3 The projected outturn position for the Council are underspends of £2.163m on revenue (including spend to save unallocated) and £2.722m on capital (after deducting Capital from Current Revenue (CFCR)). A total projected underspend of £4.885m against the revised budget.
- 1.4 The Service Committees have received reports on the performance of their services and the financial management implications of their expenditure decisions and income generation. The individual service performance reports provide narrative and data to identify how the corporate and service outcomes are progressing and where action needs to be taken.
- 1.5 Overall, the Council has undertaken to prepare and approve a budget that supports its corporate objectives. In financial terms the Council is projected to deliver on this by living within its means. The review of the financial impact of Council operations is undertaken monthly and reported on a quarterly basis to the Council.

2.0 Decision Required

2.1 The Policy & Resources Committee RECOMMENDS that the Council RESOLVE to:

- review the Management Accounts showing the projected outturn position at quarter 1; and
- approve the revised prudential indicators set out in Appendix 4.

3.0 Detail

- 3.1 On 10 February 2016 (SIC Min Ref: 2/16) the Council approved the 2016/17 revenue and capital budgets (including the General Fund, Harbour Account, Housing Revenue Account and Spend to Save) requiring a draw from reserves of £8.106m. The use of reserves at this affordable level has been achieved for this year, with the aid of a carry forward of budget underspend of £1m from 2015/16. The Council cannot be complacent. It is vital to the economic wellbeing of the Council that the financial resources are managed effectively and expenditure and income is delivered in line with the budget, as any overspends will result in a further draw on reserves, and would be evidence that the Council is living beyond its means.
- 3.2 This report forms part of the financial governance and stewardship framework that ensures that the financial position of the Council is acknowledged, understood and quantified on a regular basis. It provides assurance to the Corporate Management Team, the Committee and the Council that resources are being managed effectively and allows corrective action to be taken where necessary.
- 3.3 Since the approval of the 2016/17 budget, a revision to the budget has been incorporated for the Council's budget carry forward scheme for both revenue and capital. Therefore this report refers to the revised budget.
- 3.4 The table below sets out the projected outturn position against the revised budget. There is a total projected underspend against the revised budget of £4.885m, of which £0.885m is projected as recurring underspends on revenue. Of the capital variance £2.771m has been identified as being required to be carried forward into 2017/18 to complete projects.

Table 1 Type of Expenditure	2016/17 Original Budget £m	2016/17 Revised Budget £m	2016/17 Projected Outturn £m	2016/17 Variance (over)/ underspend £m
Revenue (including Spend to Save Unallocated)	99.099	101.437	99.274	2.163
Capital	13.970	31.532	28.432	3.100
Remove CFCR included in Capital above	(4.095)	(4.147)	(3.769)	(0.378)
TOTAL	108.974	128.822	123.937	4.885

- 3.5 The impact on the reserves of the projected outturn set out in section 3.4 above, is that the draw on reserves for 2016/17 is to decrease by £3.064m against the revised budget.
- 3.6 The difference between the underspending variance in Table 1 and the use of reserves variance in Table 2 is that a proportion of the capital expenditure underspend that is being funded from borrowing which does not impact upon reserves.

Table 2 Draw on Reserves	2016/17 Original Budgeted Draw £m	2016/17 Revised Budgeted Draw £m	2016/17 Projected Outturn Draw £m	2016/17 Variance (over)/ underspend £m
Annual All Funds	8.106	16.216	13.152	3.064

(Note: the revised budgeted draw on reserves of £16.216m includes £8.110m of revenue and capital carry-forwards funded by underspends in 2015/16).

- 3.7 The projected outturn draw on reserves equates to £36k per day as can be seen from the table below.

Table 3 Draw on Reserves	2016/17 Original Budgeted Draw £000	2016/17 Revised Budgeted Draw £000	2016/17 Projected Outturn Draw £000	2016/17 Variance (over)/ underspend £000
Amount Per Day	22	44	36	8

Variances shown in Appendices

Revenue - General Fund

- 3.8 Appendix 1 shows the revenue projected outturn variance position for the first quarter for the Council by service area and fund. Detailed reports on spending variances have been presented to individual Service Committees.
- 3.9 There is a projected underspend of £1.731m on the General Fund (including Spend to Save Unallocated) against the revised budget. This underspend is a combination of the projected outturns across directorates. The most notable projected underspending is on the cost pressures and contingencies budget by £1.712m, spend to save £0.5m and in Community Care £0.335m (mainly on employee costs). Most other Services are projecting overspends.
- 3.10 Services have identified £0.885m of recurring savings within the projected outturn that is helping Services to fund cost pressures and activities for which a contingency was created in the budget.

- 3.11 The cost pressure and contingency budgets with the exception of the off-island placements in Children's Services have not yet been applied to address the specific projected overspends to which they relate. This will be reviewed and these budgets allocated later in the year if it is established that the additional spend cannot be met from underspends or additional income across the Services
- 3.12 Appendix 3 shows a breakdown of the cost pressures and contingencies budget and how much has been allocated to date. It is projected that there will be sufficient cost pressure and contingencies budget available based on quarter 1 to meet the additional costs of items identified by Services should they be unable to fund these from within existing resources as the year progresses.

Revenue - Harbour Account

- 3.13 There is a projected increase in the contribution to the Reserve Fund of £0.342m from the surplus on the Harbour Account mainly from increased tanker throughput and underspending on terminal works. There are no projected recurring savings on the Harbour Account.

Revenue - Housing Revenue Account

- 3.14 There is a projected increase in the contribution to the Housing Repairs and Renewals fund of £89k mainly on employee costs. There is £3k of recurring savings identified on the Housing Revenue Account.

Capital – General Fund, Harbour Account, Housing Revenue Account

- 3.15 Appendix 2 shows the capital projected outturn variance position as at the first quarter for the Council. Detailed reports on spending variances have been presented to individual Service Committees.
- 3.16 There is an anticipated underspend of £3.100m against the revised budget mainly from spending on new Anderson High School projects (e.g. halls of residence and clickimin works) being £2.744m lower than the budget anticipated to be required for this year. Of this, £2.771m will be required next year.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

There is a specific objective in the Corporate Plan to ensure that the Council is "continuing to keep a balanced and sustainable budget, and are living within our means" and the Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.

The Medium Term Financial Plan also includes a stated objective to achieve financial sustainability over the lifetime of the Council.

4.2 Community /Stakeholder Issues – None.

4.3 Policy And/Or Delegated Authority

Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2016/17 financial year. The Policy & Resources Committee has delegated authority for securing the co-ordination, control and proper management of the financial affairs of the Council, and has referred authority to make recommendations to the Council as to the level of any expenditure not provided for in the annual budgets

4.4 Risk Management

4.4.1 There are numerous risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.

4.4.2 From a financial perspective, risks are an integral part of planning for the future, as assumptions are required to be made. These assumptions can be affected by many internal and external factors, such as supply and demand, which may have a detrimental financial impact.

4.4.3 The main variable assumptions are around anticipated income levels, returns on investments and cost pressures and demands.

4.4.4 This report is part of the framework that provides assurance, or recognition of any deviation from the budget that may place the Council in a financially challenging position and requires remedial action.

4.4.5 The Council makes provision within its budget for cost pressures that may arise. This approach provides additional confidence for the Council to be able to mitigate any adverse financial circumstances.

4.4.6 A strong balance sheet and the availability of usable reserves ensure that the Council is prepared for significant unforeseen events.

4.4.9 Any draw on reserves beyond the Council's sustainable level would have an adverse impact on the level of returns from the Council's long-term investments. This situation would require to be addressed quickly to ensure no long term erosion of the investments.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

- 4.7.1 The 2016/17 Council budget has not drawn on reserves in excess of the returns that the investments are assumed to achieve on average in a year and, therefore, demonstrates that the Council is living within its means. To achieve this, a one-off underspend from 2015/16 budget has had to be utilised to balance the General Fund. This is a one-off solution for 2016/17. The carry forward revisions to the original budget are also a direct result of underspending in the last financial year and are therefore affordable.
- 4.7.2 Every £1m of reserves spent in excess of a sustainable level will mean that the Council will have to make additional savings of £73k each year in the future as a result of not being able to invest that £1m with fund managers to make a return.
- 4.7.3 It is therefore vital that the Council delivers its 2016/17 budget, and this report demonstrates that overall the Council is projecting to achieve this.
- 4.7.4 **Revenue (GF including Spend to Save/Harbour/HRA)**
The projected outturn position shows a net underspend of £2.163m. This underspend is made up of General Fund (including Spend to Save Unallocated) underspend of £1.731m and increases in surplus income on the Housing Revenue Account of £0.089m and on the Harbour Account of £0.342m.
- 4.7.7 **Capital (GF including Spend to Save/Harbour/HRA)**
The projected outturn position shows a net underspend of £3.100m. This is made up of General Fund underspend (including Spend to Save) of £2.722m. The Harbour Account is underspent by £0.378m and HRA is on budget. The majority of the underspends identified is likely to be carried forward into 2017/18.
- 4.7.8 **Revision of Prudential Indicators**
The Council approved the prudential indicators for 2016/17 to 2018/19 in February 2016. Re-profiling of the Asset Investment Plan due to significant slippage in 2015/16 on the new AHS has resulted in the prudential indicators requiring to be updated to take account of this. Appendix 4 sets out the revised prudential indicators.
- 4.7.9 **Reserves**
The projected outturn draw on reserves is £13.152m (or £36k per day) which is £3.064m (or £8k per day) less than the revised budget of £16.216m (or £44k per day).
- 4.8 **Legal** – None.
- 4.9 **Human Resources** – None.
- 4.10 **Assets And Property** – None.

5.0 Conclusions

- 5.1 The revenue outturn position for the combined General Fund (including Spend to Save), Harbour Account and Housing Revenue Account is

projected to be under budget by £2.163m. Within the projected outturn, £0.885m has been classified as recurring savings.

- 5.2 The capital outturn position for the combined General Fund (including Spend to Save), Harbour Account and Housing Revenue Account is projected to be under budget by £3.100m. Of the projected underspend, £2.771m has been identified as being required in future years to deliver projects.
- 5.3 The projected draw from reserves of £13.152m (including carry-forwards) is sustainable. This is a decrease of £3.064m against the revised budget.
- 5.4 Revised prudential indicators are set out in Appendix 4 for approval, in line with re-profiling of the Asset Investment Plan in 2016/17.

For further information please contact:

Hazel Tait,

01595 744612

Hazel.Tait@shetland.gov.uk

List of Appendices

Appendix 1 – Overall SIC Projected Revenue Outturn Position for 2016/17

Appendix 2 - Overall SIC Projected Capital Outturn Position for 2016/17

Appendix 3 – Contingency and Cost Pressure Budget 2016/17

Appendix 4 - Revised Prudential Indicators 2016/17 to 2018/19

Background documents:

SIC Budget Book 2016-17, SIC 10 February 2016

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=18870>

END

1. Revenue - Projected Outturn Position for 2016/17

General/Support/Recharged	2016/17 Revised Budget Qtr 1 £000	2016/17 Projected Outturn Qtr 1 £000	2016/17 Projected Variance Qtr 1 £000
Chief Executive	1,756	1,755	2
Children's Services	38,463	38,575	(112)
Community Care	18,584	18,250	335
Corporate Services	7,166	7,279	(112)
Development	14,719	14,732	(14)
Infrastructure	19,532	19,893	(360)
Fund Managers Fees	875	942	(67)
Energy	2,440	2,439	1
Water	223	223	0
Building Maintenance	2,270	2,320	(50)
Fleet Management Unit	770	754	16
Insurance	879	879	0
Training	656	774	(118)
Office Building Charge	1,990	1,990	0
Contingencies & Cost Pressures	4,790	3,077	1,712
Economic Development Investment Income	(800)	(800)	0
Interest on Revenue Balances	(26)	(26)	0
Spend to Save (Unallocated)	1,000	500	500
Net Recharges to Other Fund	(1,723)	(1,723)	0
Total Net Expenditure/(Income)	113,564	111,833	1,731
<i>Funded by:</i>			
Government Grants	(82,639)	(82,639)	0
Council Tax	(8,505)	(8,505)	0
Contribution from General Fund Reserve	(22,420)	(20,689)	(1,731)
Total Funding/Contribution	(113,564)	(111,833)	(1,731)
Balanced Budget	0	0	0

1. Revenue - Projected Outturn Position for 2016/17

Harbour Account	2016/17 Revised Budget Qtr 1 £000	2016/17 Projected Outturn Qtr 1 £000	2016/17 Projected Variance Qtr 1 £000
Sullom Voe	(8,948)	(9,258)	310
Scalloway	(154)	54	(208)
Other Piers	527	523	4
Terminals	(1,956)	(2,336)	380
Total Net Expenditure/(Income)	(10,530)	(11,016)	486
Shetland Gas Plant	(693)	(550)	(143)
Other Income	(693)	(550)	(143)
Contribution to Reserve Fund	11,224	11,566	(342)
Total Contribution	11,224	11,566	(342)
Balanced Budget	0	0	0

Housing Revenue Account	2016/17 Revised Budget Qtr 1 2016-17 £000	2016/17 Projected Outturn Qtr 1 2016-17 £000	2016/17 Projected Variance Qtr 1 2016-17 £000
Expenditure	6,042	5,956	86
Income	(6,946)	(6,949)	3
Total Net Expenditure/(Income)	(904)	(993)	89
Contribution to HRA R&R Fund	904	993	(89)
Total Contribution	904	993	(89)
Balanced Budget	0	0	0

2. Capital - Projected Outturn Position for 2016/17

Service Area	2016/17	2016/17	2016/17
	Revised Budget	Projected Outturn	Projected Variance
	Qtr 1 £000	Qtr 1 £000	Qtr 1 £000
Children's Services	15,010	12,266	2,744
Community Care	3,322	3,412	(90)
Corporate Services	2,393	2,393	0
Development	190	190	0
Infrastructure (including Harbour Account)	8,205	7,759	446
Development (HRA)	2,413	2,413	0
Total Costs	31,532	28,432	3,100
<i>Funded by:</i>			
General Capital Grant	(5,535)	(5,535)	0
Capital Grants Unapplied (General Fund)	(8)	(8)	0
External Grants	(584)	(584)	0
External Borrowing	(14,362)	(12,540)	(1,822)
Spend to Save Reserve	(383)	(475)	92
Council Tax Second Homes Reserve	(160)	(160)	0
Capital Fund Reserve	(3,487)	(2,495)	(992)
Capital Receipts Reserve (General Fund)	(1,443)	(1,443)	0
General Fund Capital Receipts	(350)	(350)	0
Capital Receipts Reserve (HRA)	(118)	(118)	0
Capital Receipts (HRA)	(612)	(612)	0
CFCR (HRA)	(1,682)	(1,682)	0
Capital Receipts Reserve (Harbour Account)	(323)	(323)	0
CFCR (Harbour Account)	(2,465)	(2,087)	(378)
Harbour Account External Grants	(20)	(20)	0
Total Funding & Financing	(31,532)	(28,432)	(3,100)
Balanced Budget	0	0	0

3. Cost Pressure and Contingency Budget for 2016/17

Service Area	2016/17 Original Budget 2016/17 Qtr 1 £000	2016/17 Budget Allocated 2016/17 Qtr 1 £000	2016/17 Revised Budget 2016/17 Qtr 1 £000
Cost Pressures:			
Living Wage	74	0	74
Holiday Pay	300	0	300
Sleep-Over Payments	365	0	365
Health & Social Care Integration	15	0	15
Free School Meals	32	0	32
Free Nursery Meals	13	0	13
Fee Paid Carers	94	0	94
Kinship Allowances	31	0	31
Windybrae	88	0	88
External Audit Fees	20	0	20
Air/Bus/School Transport Inflation	81	0	81
TOTAL COST PRESSURES:	1,113	0	1,113
Contingency:			
Off-Island Placements (Comm Care / Child Svs)	1,052	145	907
Children's Resources	292	0	292
Schools/Quality Improvement	354	0	354
Supply Teachers / Reliefs in Schools	258	0	258
Disabled Adaptions	250	0	250
Ferry Vessel & Other Fuel	274	0	274
Ferry Staff Shortages	210	0	210
Ferry Staff Revalidation Cover	115	0	115
Infrastructure Equipment Failure	350	0	350
Winter Maintenance	110	0	110
Bitument Supplies	102	0	102
Extreme Weather Events	100	0	100
CIPFA Trainee Programme	70	0	70
Valuation Joint Board	50	0	50
Funding for Change	500	0	500
External Recruitment for Senior Officers	124	0	124
Payroll Officer	27	0	27
Homeless Accommodation Costs Inflation	60	0	60
Foula Ferry Contract Increase	60	0	60
Reduction based on risk of events occurring (41%)	-1793	0	-1,793
TOTAL CONTINGENCIES:	2,565	145	2,420
TOTAL COST PRESSURES AND CONTINGENCIES	3,678	145	3,533
Borrowing Support Costs (AHS funded centrally)	1,256	0	1,256
OVERALL TOTAL	4,934	145	4,789

Prudential Indicators 2016/17 to 2018/19

Prudential Framework

- 1.0 The Local Government in Scotland Act 2003 repealed Section 94 of the Local Government (Scotland) Act 1973. Sections 35 to 37 of the 2003 Act introduced a responsibility for local authorities to locally determine the level of capital investment. Regulations introduced under the Act required that local authorities should adhere to The CIPFA Prudential Code for Capital Finance in Local Authorities.
- 1.1 The Prudential Code was introduced in April 2004, effectively replacing the Capital Expenditure controls within section 94 where ministerial consent was required before any capital expenditure could be incurred. In addition, there was a restriction on the commitment to capital expenditure for future years and a control over the actual financing of the capital expenditure. The 'prudential framework' (or prudential regime) is the collective term for legislation, regulation and the Code under which local authorities will operate.
- 1.2 The introduction of the Prudential Code brought much greater flexibility for Councils to develop capital programmes to support their local communities. The key watchwords within the Prudential Code are:-
 - Affordability
 - Prudence
 - Sustainability.
- 1.3 The Prudential Code provides a framework for the internal control and self-management of capital finance, and in turn the key items of expenditure that will normally govern the bulk of an authority's potential need to borrow. It does also refer to the fact that forward estimates of external debt, defined in part as actual external borrowing, will follow on from an authority's capital plans and revenue forecasts, under their treasury management strategy. The Prudential Code also requires that the underlying commitment to finance leases and similar contracts is recognised when setting the indicators.
- 1.4 It is understandable that the Prudential Code seeks to concentrate primarily upon a need for an authority to ensure that its capital spending plans are affordable, as it is these plans that will, in general, be the main driver of an authority's need to undertake or increase the amount of external borrowing. The opening paragraph of the Executive Summary makes clear its overriding objective, namely "The Prudential Code plays a key role in capital finance in local authorities", whilst paragraph 7 of its Objectives states that it focuses on capital finance and effective capital planning. The Prudential Code perhaps sums up the overall

situation regarding the consideration of affordability in paragraph E12, wherein it states – “affordability is ultimately determined by a judgement about acceptable council tax levels”.

1.5 The Council’s capital expenditure plans are the key driver of treasury management activity. The outputs from the capital expenditure plans are reflected in Prudential Indicators, which are designed to assist Members overview and confirm capital expenditure plans.

1.6 In setting their prudential limits, Members must have regard to:

- Affordability e.g. implications of capital plans for council tax and council housing rents.
- Prudence and sustainability, e.g. implications of external borrowing and an assessment of borrowing costs and interest rate forecasts/expectations.
- Value for money, e.g. options appraisal.
- Stewardship of assets, e.g. asset management planning.
- Service objectives, e.g. strategic planning for the authority.
- Practicality, e.g. achievability of the forward plan.

Prudential Indicators

1.7 It is proposed that the Prudential Indicators for Shetland Islands Council for 2016-17 to 2018-19 should be as follows:

1. Ratio of Financing Costs to Net Revenue Stream

Definition

General Fund – The proportion of the General Fund income from the Council’s General Revenue Grant (including NNDR) and Council Tax income to fund the debt financing costs (interest and Principal Repayments) of the planned capital programme.

Housing Revenue Account – The proportion of income to the HRA (substantially Housing Rents) to fund the debt financing costs (interest and Principal Repayments) of the planned capital programme.

	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
General Fund	1.5%	1.7%	2.1%
HRA	23.8%	22.8%	21.8%
Harbour Account	0%	0%	0%

2. Capital Expenditure

Definition

Estimated capital expenditure for the next 3 years' capital programme, as set out in the Council's Asset Investment Plan.

	2016/17 £'000 Estimate	2017/18 £'000 Estimate	2018/19 £'000 Estimate
General Fund	26,312	12,105	11,164
HRA	2,413	2,813	2,813
Harbour Account	2,808	990	890

3. Gross Borrowing and the Capital Financing Requirement

Definition

The CFR represents the underlying need to borrow for a capital purpose. As the Council should only borrow for a capital purpose, net external borrowing should not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. In conjunction with Capita Asset Services a review of the Council's CFR was undertaken.

	2016/17 £'000 Estimate	2017/18 £'000 Estimate	2018/19 £'000 Estimate
General Fund	25,723	28,086	31,411
HRA	12,742	11,656	10,570
Harbour Account	0	0	0
Total	38,465	39,742	41,981

4. Authorised Limit for External Debt

Definition

Limit for total external debt that should not be breached. This excludes investments and is based on future capital plans and variations in cash flow.

	2016/17	2017/18	2018/19
	£'000	£'000	£'000
Operational Boundary	39,837	41,015	43,148
10% Margin	3,984	4,101	4,315
Total	43,821	45,116	47,463

5. Operational Boundary for External Debt

Definition

A boundary for total external debt based on the estimate of total projected external debt to be monitored against during the year. It may be breached temporarily for variations in cash flow but a sustained or regular breach would require investigation.

	2016/17	2017/18	2018/19
	£'000	£'000	£'000
Borrowing	33,931	35,208	37,446
Other Long Term Liabilities	5,906	5,807	5,702
Total	39,837	41,015	43,148

6. Actual External Debt at 31 March 2016

Definition

The actual external debt taken from the unaudited Balance Sheet as at 31st March 2016.

Actual External Debt	
	2015/16
	£'000
Borrowing	31,000
Other Long Term Liabilities	5,906
Total	36,906

7. Upper limit on Interest Rate Exposures

Definition

Ranges within which the Council will manage its exposures to fixed and variable rates of interest. Whilst the Council could obtain more favourable interest rates with a variable rate, it increases the longer term risk of rates rising beyond a fixed rate.

It is calculated as a percentage of total net outstanding principal sums of debt.

	2016/17 Indicative £'000	2017/18 Indicative £'000	2018/19 Indicative £'000
Fixed interest rate exposures	100%	100%	100%
Variable interest rate exposures	40%	40%	40%

8. Maturity Structure of Borrowing

Definition

Upper and lower limits to assist the Council to avoid large concentrations of fixed rate debt that has the same maturity structure and would therefore need to be replaced at the same time. This is the fixed rate debt maturing in each period as a percentage of total projected borrowing that is fixed rate.

	Lower Limit	Upper Limit
Under 12 months	0%	25%
12 months and within 24 months	0%	30%
24 month and 5 years	0%	50%
5 year and within 10 years	0%	70%
10 years and above	0%	100%

**Policy and Resources Committee****30 August 2016****Council Investments Review for Quarter to June 2016****F-052-F****Report Presented by Executive Manager - Finance****Corporate Services****1.0 Summary**

- 1.1 This report will allow the Policy and Resources Committee to review the quarter to June 2016 investment position and performance of the Council's long term investments, managed on its behalf by fund managers.
- 1.2 This report forms part of the Council's governance arrangements where the Policy and Resources Committee will receive a quarterly investment report on the external investments.

2.0 Decision Required

- 2.1 This report is a review of the Council's external investments over the quarter to June 2016, and as such the Policy and Resources Committee RESOLVES to consider the outcome of this quarterly review.

3.0 Detail

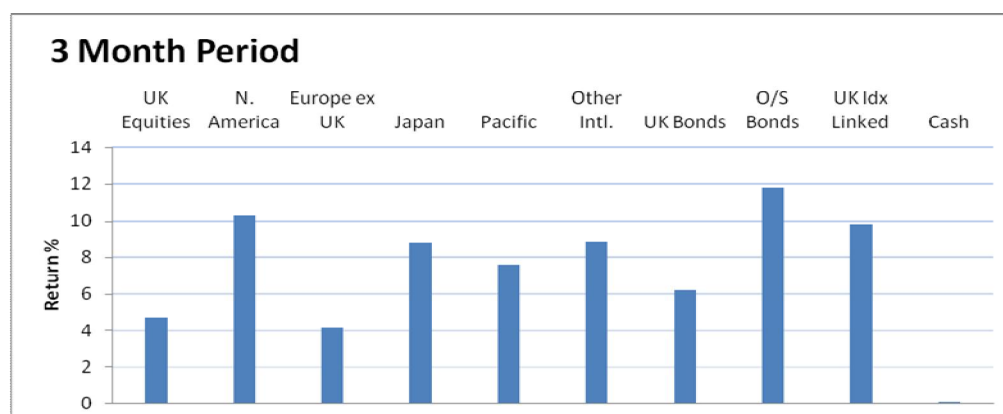
- 3.1 This report concentrates on the three-month period from April to June 2016. The report looks at the performance of the Council's three fund managers, the overall investment performance relative to the markets, the physical movement of funds, any changes from the investment strategy, and any other relevant issues relating to the investments over the period.
- 3.2 The Council has three fund managers with total investments under management at the end of June 2016 of £300 million. The funds, type of mandate and market values at the end of June 2016 are as follows:

Manager	Mandate	% of Reserves	Market Value £m
Baillie Gifford	Equity and Diversified Growth	47%	140
BlackRock	Equity	36%	109
Insight	Bonds and Cash	17%	51

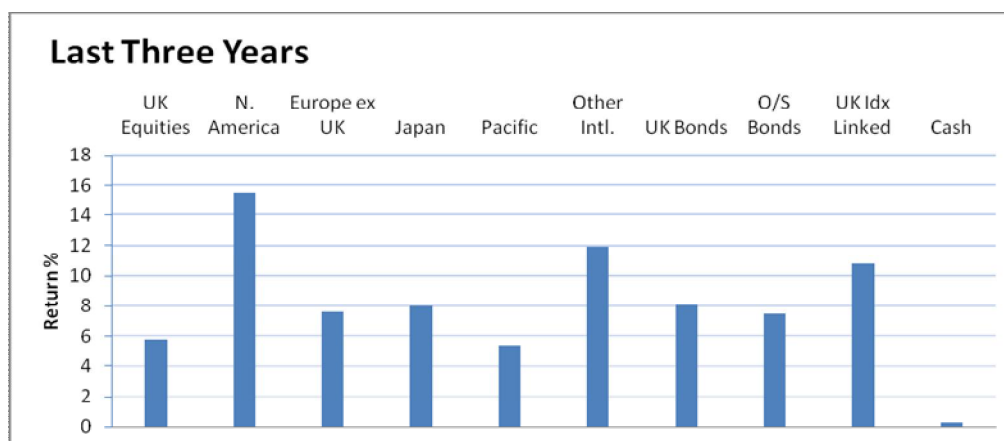
- 3.3 Individual fund manager performance is detailed later but there is the need to consider the effect of the markets themselves and of any cash withdrawals or injections into the funds. The following table shows the effect on the overall investments of these factors during the three month period.

	SIC Investments £m
Market Value as at 31/03/2016	287
Additions / (Withdrawals)	(2)
Investment Return	15
Market Value as at 31/06/2016	<u>300</u>

- 3.4 The figures show an overall £13 million increase in value over the three month period. The increase in value is due to investment returns, as the equity and bond markets produced positive returns over the period despite the uncertainty caused from the European Referendum.
- 3.5 There was a withdrawal of £2 million from the investments during the three month period. This withdrawal was required to support the Council's bank account, and cover the capital works programme.
- 3.6 The equity markets were on a general upward trend over the three month period, and especially the UK market in the lead up to the European Referendum. After the result of the vote was known the UK market slumped but still posted positive returns over the period, while currency markets saw an increase in volatility with sterling falling against the US dollar. The Bank of England stated that it was considering cutting interest rates and increasing liquidity through quantitative easing to support markets, both of which has happened recently.
- 3.7 The investment markets performance by asset class over the three month period looks like this:



- 3.8 This is only a three month snapshot of how the various investment classes and sectors have performed and returns can be volatile over a three month period, but in this instance all asset classes and sectors have produced positive returns. History shows that investments in these asset classes over the long term are very positive, which is the reason the investment strategy is based on a long term investment horizon. As an example of the differences in market returns over a slightly longer time period the following graph shows the same asset classes returns per annum over the last three years.



- 3.9 The fund manager has negligible influence over the market return but they may be required by the mandate agreement to invest into these markets. The main constituent of a fund's performance is the market return, where the fund is invested. A fund manager with an active mandate is asked to outperform the market return by a certain percentage, whereas a fund manager with a passive mandate is aiming to match the market return.
- 3.10 In this environment the Council's fund managers have, over the three month period to the end of June 2016, performed as follows:

Manager	Mandate	Fund Return	Benchmark Return	% Return Compared to Benchmark
Baillie Gifford	Active	3.5%	4.5%	-1.0%
BlackRock	Passive	8.5%	8.6%	-0.1%
Insight	Active	5.6%	5.2%	0.4%

- 3.11 Baillie Gifford's fund is split between an active UK and Global Equity Fund and a Diversified Growth Fund. The combination of these investments underperformed the benchmark by 1.0%. The Diversified Growth Fund had a small outperformance, but both UK and Global equities underperformed the benchmark. Both equity funds were negatively impacted due to the market sentiment around the European

Referendum as they were positioned for economic progress, and the short term uncertainty it caused was not good for the funds.

Baillie Gifford are stock pickers and they analyse individual businesses, they do not try to guess the direction of the economy though they acknowledge the enormity of the European decision. They believe share prices follow the fundamentals of a business.

- 3.12 The fund with BlackRock is invested passively in equities, so the fund is aiming to equal the benchmark return. BlackRock were very close to achieving this aim over the three month period, and in a rising market place produced a return of 8.5%, which is a reflection of the mixture of returns from the various markets the fund invests into.
- 3.13 The bond fund manager Insight outperformed their benchmark return over the three month period by 0.4% and the investment return was 5.6%. The bond markets produced mixed returns over the three month period but Government bonds rallied sharply after the European vote.
- 3.14 The overall Council investment return for the three-month period to end June 2016 was 5.4%, which was 0.2% above the benchmark return.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – The Council's overall investment strategy is important to the Council's long term financial resilience, as their performance play a key role in helping the Council deliver its corporate objectives, as described in the Community Plan, the Corporate Plan and other strategic documents.
- 4.2 Community /Stakeholder Issues – None
- 4.3 Policy and/or Delegated Authority – In accordance with Section 2.2.1(7) of the Council's Scheme of Administration and Delegations, the Policy and Resources Committee has delegated authority to secure the coordination, control and proper management of the financial affairs of the Council.
- 4.4 Risk Management – All investments carry risk. Risks, such as market risk are mitigated and actively managed through diversification of fund managers, asset classes, markets, size of holdings and through performance monitoring against benchmarks.

There is an underlying risk that should the long term returns not be achieved then the Council will have to rely on the value in its reserves and this would not be a sustainable position to be in. Regular consideration of the position through the Medium Term Financial Planning processes enables the Council to consider its risk appetite and extent to which is willing to rely upon those investment returns.

- 4.5 Equalities, Health And Human Rights – None

- 4.6 Environmental – Whilst the fund managers have delegated powers for the acquisition and realisation of investments, fund managers are expected as part of their investment process to consider all factors, including the social, environmental and ethical policies of companies in which they may invest, to the extent that these may materially affect the long term prospects of such companies. The fund managers will also be expected to enter into dialogue with companies in which they invest, in relation to the pursuance of socially responsible business practices, and report on these activities.

Corporate Governance is a key responsibility for institutional shareholders and as a matter of principle the Council will seek to exercise all of its voting rights in respect of its shareholdings. It is recognised however that in practical terms this may not always be possible for overseas holdings. However for UK stocks all voting rights will be exercised in a positive fashion, i.e. no abstentions.

All of the Council's Fund Managers have signed up to the United Nations Principles on Responsible Investment. The principles reflect the view that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios, and therefore must be given appropriate consideration by investors, if they are to fulfil their fiduciary (or equivalent) duty. The Principles provide a voluntary framework by which all investors can incorporate ESG issues into their decision-making and ownership practices, and so better align their objectives with those of society at large.

Resources

- 4.7 Financial – The long term investments are important to the Council and the achievements of its outcomes and objectives. To balance its budget each year the Council relies upon the ability to draw from investment returns each year and not erode the capital value of the investments. Over the long term it has been estimated that an investment return of 7.3% per annum can be achieved and that after inflation is deducted this will enable £12m per annum to be drawn down and used to fund Council expenditure.

It is recognised that the actual investment performance each year will be different to what is expected or required however over the long term this will be monitored and reviewed to ensure that the Council meets its objective of living within its means.

It is not likely that the Council can expect a positive investment return from its investments every year but having robust governance and monitoring in place mitigates the financial risks and enables the Council to take action at appropriate times to address poor performance by the fund managers. This report is part of the governance framework and will complement the reporting requirements of the CIPFA Code of Treasury Management, which demands a Mid Year Review report and an annual year end performance review report.

- 4.8 Legal – None

- 4.9 Human Resources – None

- 4.10 Assets And Property – Long term investments are assets of the Council and represent money given to fund managers to manage on its behalf for long term benefit. The Council relies upon each fund manager's fiduciary duty and to buy and sell appropriate assets in accordance with the mandate awarded to them and to report regularly on the value and performance of the fund in which Council money is invested. The value of long term investments under these mandates can go down as well as up.

5.0 Conclusions

- 5.1 Over the three month period to June 2016 the Council's long term investments were 0.2% above the benchmark, and produced a return of 5.4%. The Council's reserves increased in value by £13 million over this period to a value of £300 million at the end of June 2016.

For further information please contact:
Jonathan Belford, Executive Manager - Finance
Telephone 01595 744607
E-mail jonathan.belford@shetland.gov.uk

END



**Policy and Resources Committee
Shetland Islands Council**

30 August 2016

31 August 2016

Asset Investment Plan – Progress Report

CPS-11-16-F

Executive Manager – Capital Programme

Capital Programme Service

1.0 Summary

- 1.1 This report advises the Council on the progress of the projects contained within its Asset Investment Plan which are currently underway or to be started in 2016/17.
- 1.2 It includes a summary of the financial status and predicted outturn for the full life of each project.

2.0 Decision Required

- 2.1 That the Policy and Resources Committee RECOMMENDS that the Council notes the progress on the projects within the Asset Investment Plan.

3.0 Detail

- 3.1 This report provides an overview of the full life of each project, based on the revised budget and the predicted outturn.
- 3.2 Where projects take place over a number of financial years, this report summarises the position from the beginning to completion of the project. Rolling programmes are not included in this report.
- 3.3 Quarterly monitoring reports on capital expenditure are now provided by the Executive Manager - Finance, detailing the progress of all capital projects within the current financial year including rolling programmes.
- 3.4 The detailed project information is attached as Appendix A.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – This report forms part of the annual performance reporting arrangements on financial matters in support of the Financial Strategy, Reserves Policy and Budget Strategy.
- 4.2 Community/ Stakeholder Issues – None
- 4.3 Policy and/ or Delegated Authority – Approval of the financial strategy and budget framework is a matter reserved for the Council having taken advice from the Policy and Resources Committee.
- 4.4 Risk Management – The main areas of risk are financial in terms of over or under-spend. Regular progress reports to Committee and the Council enable Members to monitor the investment plan.
- 4.5 Equalities, Health And Human Rights – None
- 4.6 Environmental – None

Resources

- 4.7 Financial – The Asset Investment Plan projects which are currently underway or to be commenced in 2016/17, detailed in this report, have the following overall financial implications:

Full Life Predicted Outturn Cost	£49.4m
External Funding Contributions	£5.7m (12%)
Cost to the Council	£43.6m
Total Expenditure to Date	£20.1m
Outstanding Expenditure	£29.3m

- 4.8 Legal – None
- 4.9 Human Resources – None
- 4.10 Assets And Property – None

5.0 Conclusions

- 5.1 This report provides an update on progress in delivering the Asset Investment Plan and summarises the full life financial position for each project which is currently underway or to be commenced in 2016/17.

For further information please contact:

Robert Sinclair, Executive Manager Capital Programme 01595 744144

robert.sinclair@shetland.gov.uk

List of Appendices: Appendix A - Asset Investment Plan – Progress Report

Background documents: None

END

Capital Projects - Full Life Project Costs

CPS-11-16 Appendix A

Directorate	Service Area	Budget			Funding		Expenditure	
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to Date £	Project Cost Outstanding £
Corporate Service	Capital Programme Service	2,671,000	2,689,204	(18,204)	233,855	2,455,349	191,316	2,497,888
		2,671,000	2,689,204	(18,204)	233,855	2,455,349	191,316	2,497,888
Children's Services	Schools	21,226,727	21,226,727	0	1,032,500	20,194,227	7,312,769	13,913,958
		21,226,727	21,226,727	0	1,032,500	20,194,227	7,312,769	13,913,958
Community Care Services	Adult Service	11,555,312	10,427,494	1,127,818	2,006,534	8,429,191	4,538,641	5,888,853
		11,555,312	10,427,494	1,127,818	2,006,534	8,429,191	4,538,641	5,888,853
Development Services	Economic Development	190,000	190,000	0	0	190,000	0	190,000
	Housing	100,000	100,000	0	0	100,000	0	100,000
	Shetland College	5,219,864	5,176,834	43,030	2,307,476	2,869,358	5,176,834	0
		5,509,864	5,466,834	43,030	2,307,476	3,159,358	5,176,834	290,000
Infrastructure Services	Environmental Services	660,000	660,000	0	0	660,000	74,445	585,555
	Estate Operations	1,450,000	1,452,843	(2,843)	0	1,452,843	870,138	582,705
	Ferry Operations	3,050,000	3,050,000	0	0	3,050,000	370,705	2,679,295
	Roads	1,759,000	1,745,636	13,364	136,245	1,609,391	1,269,191	476,445
	Ports & Harbours	2,647,000	2,655,566	(8,566)	20,000	2,635,566	259,398	2,396,168
		9,566,000	9,564,045	1,955	156,245	9,407,800	2,843,877	6,720,168
	Total All Funds	50,528,903	49,374,303	1,154,600	5,736,610	43,645,924	20,063,437	29,310,866

Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
GCK3007	Market Street Store Redevelopment	91,000.00	109,204	(18,204)	0	109,204	19,524	89,680	Tenders to go out in September. Works should be complete by the end of January 2017.
GCK3008	Lerwick Library Refurbishment	900,000	900,000	0	0	900,000	0	900,000	Initial design work underway. Works planned for 17/18.
GCK3009	Town Hall Conservation Project	1,680,000	1,680,000	0	233,855	1,446,145	171,792	1,508,208	Expenditure so far has been on fees, consents and procurement only. Following relisting of the building from B to A the project team have submitted grant applications to Historic Scotland and the Woolfson Foundation. A further Heritage Lottery Fund grant bid will be submitted in September. The external funding figure listed here is provisional and will depend on the type of eligible grant work completed. The main contract tender is due back on 17/08/16 and, subject to receiving an acceptable tender, works are planned to start mid September with completion estimated by April 2017.
Total		2,671,000	2,689,204	(18,204)	233,855	2,455,349	191,316	2,497,888	

Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
GCE1304	Anderson High School Replacement	2,476,723	2,476,723	0	25,000	2,451,723	1,678,198	798,525	The budget and cost of project cost shown here is for the expenditure to be funded by the Council only as the £42m contract expenditure, to be funded by SFT, will not go through the Council. Construction work began on site in summer 2015. The main structural work on the building is now complete. Cladding and glazing work is well underway as work focuses of getting the building wind and watertight before the onset of winter. Work is due to be completed by September 2017.
GCE1305	Anderson High Clickimin Path Upgrade	1,015,000	1,015,000	0	507,500	507,500	646,776	368,224	SIC / Sustrans funded project. The Maintenance Certificate for the paths is due in August 2016 so the remainder of the retention of £7,550.69 will be paid then (after some minor remedial works have been carried out). The path around the Rugby pitch will not be built until the roundabout and new school works are complete. Remaining budget required for completion of the rugby pitch and loch link.
GCE1306	Anderson High - Halls of Residence	14,728,080	14,728,080	0	0	14,728,080	4,076,716	10,651,364	Construction work began on site in summer 2015. The building's superstructure is now complete and work is progressing on the external cladding and glazing. It is anticipated that the building will be wind and water tight before the onset of winter. Work on the installation of mechanical and electrical systems is also underway. Work is due to be completed by September 2017

		Budget			Funding		Expenditure		Update
Code	Project Name	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
GCE1307	Clickimin Works	3,006,924	3,006,924	0	500,000	2,506,924	911,079	2,095,845	SIC / Sport Scotland funded Project. Work has commenced on the covered indoor training facility. The main structure is complete and work is progressing on the changing area and the sub-base for the synthetic playing surface. The covered training pitch is programmed to be complete in November 2016. Proposals for internal modifications to the existing Clickimin Leisure Facility are also underway.
Total		21,226,727	21,226,727	0	1,032,500	20,194,227	7,312,769	13,913,958	

Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
GCA0241	ET & Taing House Extension (Spend to Save)	3,500,000	2,373,879	1,126,121	0	2,373,879	2,185,547	188,332	Phase 1 works complete. Phase 2 delayed as scope of project and budget reduced accordingly, however further funding required in 2016/17 to cover upgrade to laundry equipment, material testing and fire alarm installation. Works expected to be complete by the end of August 2016.
GCA0242	NHS Conversion Scalloway School	2,000,000	1,998,303	1,697	2,006,534	0	1,998,303	0	Works all complete but final account still to be settled. Anticipated £8.2k balance.
GCA0237	Eric Gray Replacement	6,055,312	6,055,312	0	0	6,055,312	354,791	5,700,521	Contractor appointed and letter of acceptance issued on 27 June, 2016; works started on site 1 August, 2016.
Total		11,555,312	10,427,494	1,127,818	2,006,534	8,429,191	4,538,641	5,888,853	

Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Net Spend to date £	Total SIC Project Cost Outstanding £	
GCY5141	Landfill Capping - Phase 2	660,000	660,000	0	0	660,000	74,445	585,555	Phase 2 under way and expected to be complete late August / September 2016. The budget shown here also includes further phases scheduled for future years.
GCY5512	Bells Brae PS Refurbishment	850,000	850,000	0	0	850,000	267,296	582,704	Works tendered and commenced on site. Programme timing still very tight. 35% complete at Q1 2016.
GCY5513	Sound PS Refurbishment	600,000	602,843	(2,843)	0	602,843	602,843	0	Sound School site works ongoing. Project ahead of schedule to deliver within set timescales. 75% complete at Q1 2016.
GCY6139	Clickimin Roundabout Works	1,059,000	1,045,636	13,364	17,745	1,027,891	1,027,574	18,061	Culvert works and roundabout complete. Final layer of bitmac to be laid on access road to new AHS and white lining completed.
GCY6140	Mill Brae Footway	167,000	167,000	0	118,500	48,500	133,046	33,954	Works completed, awaiting final measure from the Contractor
GCY6212	Trondra Bridge Painting	305,000	305,000	0	0	305,000	108,570	196,430	Works started with completion anticipated by mid September 2016.
GCY6213	Muckle Roe Bridge Painting	228,000	228,000	0	0	228,000	0	228,000	Preparation of tender documents underway, anticipate tender documents will go out January 2017.
GCY7637	Linga Conversion	2,150,000	2,150,000	0	0	2,150,000	0	2,150,000	Design fees for propulsion and control systems upgrade options are being progressed with Rolls Royce who have been to Shetland to discuss requirements.

Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Net Spend to date £	Total SIC Project Cost Outstanding £	
GCY7638	Fivla Life Extension	900,000	900,000	0	0	900,000	370,705	529,295	Life extension works involve navigation, bridge, equipment and electrical upgrades with internal and external refurbishment. BRO advises the work is 45 -50% complete and anticipates all works will be completed this financial year.
PCM2128	Scalloway Fishmarket	222,000	230,566	(8,566)	0	230,566	230,566	0	Replacement of coolers/ condensing units and sectional overhead doors now complete.
PCM2151	Ferry Terminal Access	40,000	40,000	0	20,000	20,000	0	40,000	Upgrade of ferry terminal disabled access, works have been tendered and are due to start on site in September, 2016.
PCM2152	Ferry Terminal Security	60,000	60,000	0	0	60,000	705	59,295	Upgrade of ferry terminal security, BRO anticipates equipment will be delivered by end September. Installation to begin in October with completion anticipated before end of financial year.
PCM2153	Hamarsness Ferry Terminal Painting	150,000	150,000	0	0	150,000	9,285	140,715	Surveys have indicated that the main project works can be re-programmed, and can be slipped to 2017/18. Anticipate spend of 15K this year for minor works and tender preparation.
PCM2154	Toft Ferry Terminal Painting	150,000	150,000	0	0	150,000	9,285	140,715	Surveys have indicated that the main project works can be re-programmed, and may be delayed for 2 to 3 years. Anticipate spend of 15K this year for minor works and some tender preparation.

Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Net Spend to date £	Total SIC Project Cost Outstanding £	
PCM2155	Ulsta Ferry Terminal Painting	150,000	150,000	0	0	150,000	9,285	140,715	Surveys have indicated that the main project works can be re-programmed, and may be delayed for 2 to 3 years. Anticipate spend of 15K this year for minor works and some tender preparation.
PCM2156	Cathodic Protection - Cullivoe Pier	250,000	250,000	0	0	250,000	273	249,728	Tender return date 18/08/16. Works to be completed this financial year
PCM2157	Scalloway Quay West - Pile Repairs	250,000	250,000	0	0	250,000	0	250,000	Tender documents and drawings currently being prepared. Work expected to be complete during this financial year.
PCM2158	Baltasound Old Pier - Pile Repairs	250,000	250,000	0	0	250,000	0	250,000	Tender documents and drawings currently being prepared. Work expected to be complete during this financial year.
PCM2159	Hydrographic Survey - Sullom Voe	125,000	125,000	0	0	125,000	0	125,000	Groundworks 90% complete, project on budget and completion anticipated to be October 2016.
PCM2160	VTs Radar Replacement	1,000,000	1,000,000	0	0	1,000,000	0	1,000,000	Design specification complete and tenders to be issued September 2016. BRO anticipates underspend in 16/17 financial year as works likely to be programmed over 2 years.
Total		9,566,000	9,564,045	1,955	156,245	9,407,800	2,843,877	6,720,168	

Code	Project Name	Budget			Funding		Expenditure		Update
		Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
UCL5203	Shetland College Extension	5,219,864	5,176,834	43,030	2,307,476	2,869,358	5,176,834	0	Practical completion issued end March 2014. Making good defects and Final A/C issued and payment processed.
GCD7004	Walls Pier Crane	30,000	30,000	0	0	30,000	0	30,000	Existing fixed crane is beyond economic repair. The BRO advises that Infrastructure will be procure the crane on his behalf.
GCH3104	Leaside Conversion	160,000	160,000	0	0	160,000	0	160,000	Continued demand for smaller housing units at a premium; so conversion of 24/25 Leaside to 4 flats with external stairway deemed the best value for money at £40K per unit. Works currently out to tender with anticipated start date on site of October, 2016. It is anticipated works will be complete this financial year.
Total		5,409,864	5,366,834	43,030	2,307,476	3,059,358	5,176,834	190,000	

		Budget			Funding		Expenditure		Update
Code	Project Name	Approved Budget £	Predicted Project Outturn £	Under (Over) Budget £	External Funding £	Cost to SIC £	Spend to date £	Project Cost Outstanding £	
HCH3717	Pitt Lane Demolition	100,000	100,000	0	0	100,000	0	100,000	Subject to ongoing legal process.
Total HRA		100,000	100,000	0	0	100,000	0	100,000	



**Policy and Resources Committee
Shetland Islands Council**

30 August 2016

31 August 2016

Knab Redevelopment – Masterplanning Procurement

CPS-12-16-F

Executive Manager – Capital Programme

Capital Programme Service

1.0 Summary

- 1.1 The new Anderson High School (AHS) project is now on site and is scheduled to be complete in September 2017. Members have made it clear that the site of the existing school at the Knab in Lerwick should not be allowed to lie disused for an extended period of time following that date and that plans for the future of the site should be developed, ready for implementation when it becomes vacant.
- 1.2 A draft Development Brief for the site has been prepared by Planning Service, which is currently in the consultation stage. This will inform a Masterplan for the site. This report sets out proposals for procuring the consultancy services required to produce that Masterplan.

2.0 Decision Required

- 2.1 That the Policy and Resources Committee considers the options for procuring masterplanning consultancy services for the Knab site as set out in section 3.10 of this report and **RECOMMENDS** to the Council that it;
- 2.2 **RESOLVES** to instruct officers to proceed to tender for those services on the open market as described in paragraph 3.10.3 in this report.

3.0 Detail

- 3.1 At an early stage of the new Anderson High School project, Council officers recognised the reputational and financial risks that would emerge once the site of the existing AHS becomes vacant in September 2017.
- 3.2 A project team was subsequently set up and the scope of the project and key deliverables were established. These include:

- Appointment of specialist advisors
 - Identify site extent and ownership
 - Establish legal position
 - Establish high-level Planning ‘Vision’ for site
 - Carry out consultation with all internal stakeholders and planning consultees
 - Appropriate public consultation
 - Prepare cost estimates and liabilities
 - Develop and define all options
 - Submit recommendation
- 3.3 The site is identified in the Shetland Local Development Plan (LDP) adopted by the Council in 2014, as a site with development potential for mixed use development. Due to the strategic importance and potentially complex re-development of this site, the Planning Service has produced a draft Development Brief. This was presented to Development Committee by the Executive Manager – Planning on 13 June 2016 (Min Ref: 28/16). The purpose of a Development Brief is to inform forthcoming developers and other interested groups of the constraints and opportunities presented by a site and the type of development expected or encouraged by the Council as Planning Authority.
- 3.4 Prior to starting to produce a Development Brief the Council engaged with Architectural & Design Scotland (ADS) to carry out a visioning exercise. Three sessions were held over 24-25th June 2014 with Community representatives, elected Members and Stakeholders. The results of this visioning exercise have informed the draft Development Brief. It was clear from the visioning exercise that the community has a strong desire to see a mixture of development types, designed to respect the unique character of this very important site.
- 3.5 The AHS campus inclusion as a site within the LDP means it has been through an initial assessment with key stakeholders and it was deemed that any constraints were limited enough to not compromise re-development of the site. The Development Brief final draft, taking account of comments received during the consultation exercise will be presented to Council for adoption as non-statutory supplementary guidance to the Local Development Plan. As such it will form a material consideration in any planning application lodged on this site.
- 3.6 Placemaking is a Principal Planning Policy. The key aim is to create sustainable well designed places and homes which meet people’s needs. The distinct characteristics and strengths of a place should be used to improve the overall quality of life for people who live, work and visit the area. With this in mind the ‘visioning’ sessions and work by officers so far has indicated that mixed development would be essential to engender a sense of community and to provide one or more focal points to the area.

- 3.7 Due to the size of the site, its prominent location and the indications that mixed use would be appropriate, it seems likely that the Council would need to have an active role in leading the physical development of the area. Retaining a degree of strategic control of the site would help to ensure that developments are residentially compatible as well as bringing sustainable economic benefits to the Council.
- 3.8 The Planning Service has indicated that the production of a masterplan would be the recommended next step in taking the project forward. A masterplan is a plan that describes and maps an overall development concept. This includes both present and future land use, built form and landscaping, infrastructure, circulation and service provision. It sets out detailed governing principles such as building heights, spaces, movement, landscaping options and the predominant uses within the site. It is intended to provide a structured framework and a realistic and deliverable vision for the site. It is important to note that while this is a prescriptive document it does not necessarily preclude a degree of flexibility in designs within the plan. A masterplan requires the cohesive input and efforts of many professionals and the local community to set out how to deliver and sustain excellent places and spaces in which a community can live, work and play.
- 3.9 Masterplanning is not an activity that the Council is resourced to undertake in isolation. For that reason, the Council resolved, on 29 June 2016 (Min Ref: 49/16), to instruct officers to engage with A&DS to develop a masterplanning brief for the Knab site and to bring a further report to Policy and Resources Committee and the Council detailing proposals as to how the masterplanning services should be procured. Initial engagement has been made with A&DS, with preliminary meetings arranged early in September to take forward development of the brief.
- 3.10 A number of options have been identified in terms of sourcing the expertise necessary to take the masterplanning work forward in line with the brief referred to above, namely:

3.10.1 Procure Strategic Support Partnering Services from Hub North Scotland Ltd (HNSL)

Pros

- No tendering required
- Schedule of rates already in place
- Fee cap arrangements in place (based on percentage of project value)
- Claimed early deployment of resources

Cons

- No cost certainty for commission

3.10.2 Enter into a development partnership on commercial terms

Pros

- Shared risk
- Incentivised team
- Potentially reduced Council resource commitment

Cons

- Shared reward
- Sometimes remuneration arrangements are complex and not without risk to the client

3.10.3 Tender masterplanning services conventionally

Pros

- Costs competitively tendered on known commission
- Greater cost certainty than with rates based commission
- Single contractual relationship with the Council
- Ability to assess the team as a whole

Cons

- Time taken for tendering process
- Unknown market capacity

3.11 It can be seen that all options have benefits and risks associated with them. The decision on how to proceed is strategic and must take into account programme, risk, commercial issues, financial issues and the level of involvement and control that the Council may want to have.

3.12 Taking all these factors into consideration, it is recommended that the masterplanning services be tendered conventionally as this provides the most scope for the Council to assess bids both in terms of quality and price.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities – The project described in this report supports 'Our Plan 2016-2020' by reducing the number of buildings we have staff in, ensuring we have prioritised spending on building and maintaining assets and reducing carbon emissions from our work and buildings.

4.2 Community/ Stakeholder Issues – Numerous community and stakeholder engagement events have already taken place as described in section 3 above. This process will be ongoing as the project moves forward.

4.3 Policy and/ or Delegated Authority – The Policy and Resources Committee has delegated authority to determine functional matters relating to asset management, and has referred authority to advise and recommend to the Council in relation to the development of its strategic policies, as set out in Section 2.2.1 of the Council Scheme of Administration and Delegations.

4.4 Risk Management – The main areas of risk are financial and reputational. If alternative uses for the site cannot be implemented at the point it becomes vacant, the Council will continue to be liable for the cost of rates, insurance, and other inevitable costs. Allowing the site to fall into a dilapidated state would doubtless result in reputational damage.

4.5 Equalities, Health And Human Rights – None

4.6 Environmental – None arising from this report.

Resources

- 4.7 Financial – The involvement of A&DS in supporting the Council through the masterplanning process does not incur any fees. The specialist services needed to carry out a masterplanning exercise would be expected to cost £100K. It is proposed that this would be funded from projected revenue contingency underspends, however every effort will be made to secure external funding where possible.
- 4.8 Legal – Governance and Law will support any masterplanning exercise.
- 4.9 Human Resources – None
- 4.10 Assets And Property – The Assets and Property team are actively involved in this exercise and would be closely involved in developing any masterplan for the Knab site.

5.0 Conclusions

- 5.1 This report provides an update on the progress made so far by officers in developing plans for the future use of the current Anderson High School site at the Knab in Lerwick and recommends the Option as set out in 3.10.3 be taken forward.

For further information please contact:

Robert Sinclair, Executive Manager Capital Programme 01595 744144
robert.sinclair@shetland.gov.uk

List of Appendices: None.

Background documents: None

END



**Policy and Resources Committee
Shetland Islands Council**

**30 August 2016
31 August 2016**

Corporate Risk Register

Report No: CRP-21-16-F

Director of Corporate Services

1.0 Summary

- 1.1 Risk management is an integral part of the Council's activities. Each Committee receives an updated register of risks for the services within their functional areas on a quarterly basis. The purpose of this report is to present the Council's Corporate Risk Register, appended, to Policy and Resources Committee and to Shetland Islands Council.
- 1.2 The Corporate Risk Register includes risks with regard to the Council's priorities as set out in Our Plan 2016-20 and risks that affect all areas of Council business including high financial risks or potential claims against the Council.
- 1.3 Risks of a confidential nature or that are commercially sensitive are recorded separately.

2.0 Decision Required

- 2.1 That the Policy & Resources Committee and Council RESOLVE to
 - 2.1.1 NOTE the changes to the Corporate Risk Register;
 - 2.1.2 NOTE key risks facing the Council at this time and the action taken to mitigate those risks; and
 - 2.1.3 COMMENT and ADVISE the Chief Executive and senior managers of their views and any changes required.

3.0 Detail

3.1 On 18 April 2016 Policy and Resources Committee requested that a risk relating to pension liability be added to the Corporate Risk Register.

3.2 On 20 April 2016, Shetland Islands Council requested that:

- the Corporate Risk Register be reported to Policy and Resources Committee and to Shetland Islands Council on a quarterly basis as part of the Planning and Performance Management Framework; and that
- A Director or nominee from each directorate attend Policy and Resources Committee and Council to respond to questions on the Corporate Risk Register.

3.3 One risk has been added to the Corporate Risk Register, namely:

ORG0037 – EU Referendum result - post Brexit referendum, there is, and will be, political and economic uncertainty and change, leading to short, medium and long-term impacts including withdrawal of funding, potential impact on recruitment, uncertainty for non-UK EU nationals in Shetland, impact on pension fund and investments, impact on partner organisations and partner-funded bodies, requirement to identify the Council's lobbying role, regulatory uncertainty, issues round fish quotas/ market/ pelagic fleet, opportunity to influence the direction and shape of new legislation, requirement to consider risks around capital expenditure, question around Council's role and priorities, potential for further legislative, political and structural change.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities – Our Plan 2016, in its 20 by 20 states that:-

- High standards of governance, that is, the rules on how we are governed, will mean that the Council is operating effectively and the decisions we take are based on evidence and supported by effective assessments of options and potential effects.
- Our approach to managing the risks we face will have resulted in a more risk-aware organisation that avoids high risk activities.

4.2 Community /Stakeholder Issues – A robust approach to risk management at all levels of the organisation is essential in order to prevent or reduce potentially negative impacts on the Community/ Stakeholders.

4.3 Policy And/Or Delegated Authority – Policy and Resources Committee requires the Corporate Risk Register to be reported periodically [Min.

Ref. P&R 75/15]. The Risk Management Strategy forms part of the Policy Framework contained in Section A of the Constitution – Governance, which states that the management body for the Risk Management Strategy lies within the remit of the Policy and Resources Committee. Ensuring the proper management of the Corporate Risk Register is therefore a delegated matter for the Policy and Resources Committee. However, the Council instructed that the Corporate Risk Register be reported to the Council quarterly as part of the PPMF cycle [Min. Ref. SIC 20/16] so that all Members are informed and involved in discussing the high level and strategic risks facing the Council alongside other performance information.

- 4.4 Risk Management – Risk management is a continuous process which requires that risk information be presented periodically to Members and senior decision-makers for their consideration. The Council's Risk Management Strategy and associated documents ensure that the Council is actively managing risks, mitigating negative impacts and promoting positive risk taking.
- 4.5 Equalities, Health And Human Rights – By actively managing risks the Council ensures that negative impacts on the staff and service users are anticipated and prevented or minimised.
- 4.6 Environmental – Risks to the environment are considered in reports to committee or the Council in order to ensure that negative impacts are identified and reduced as far as practicable.

Resources

- 4.7 Financial – Recognising and highlighting risks facing the Council will help ensure that appropriate controls are considered and put in place. There are no financial consequences arising directly from this report.
- 4.8 Legal – There are no legal implications arising directly from this report. Legal issues are considered as an integral part of the risk management process.
- 4.9 Human Resources – Risk management promotes best practice and seeks to protect staff across the Council. Paragraph 3.3 under Risk ORG0037, makes reference to the potential impact on the Council's workforce planning of the uncertainties that Brexit creates. This will add to the already complex arrangements put in place by the UK Borders Agency in relation to preventing illegal working. There is much speculation about the impact on employment in the UK which HR are monitoring to ensure the Council responds appropriately.
- 4.10 Assets And Property – The effective management of the Council's estate, coupled with appropriate and carefully managed insurance policies for a range of classes of business, ensures that property assets are adequately protected.

5.0 Conclusions

- 5.1 This report presents the Corporate Risk Register (Appendix 1) and highlights the changes to risk data since the last report to Policy & Resources Committee and Council.
- 5.2 Risk management is an integral part of all the Council's activities and regular reports on high level risks as part of the quarterly PPMF cycle keeps Members informed and provides an opportunity for Members to consider the risks in the context of the Council's performance against "Our Plan 2016-20".

For further information please contact:
Christine Ferguson, Director of Corporate Services
christine.ferguson@shetland.gov.uk
23 August 2016

List of Appendices

Appendix 1 – Corporate Risk Register as at 23 August 2016

END

Shetland Islands Council

Risk & Details	Frequency	Current Severity	Risk Profile	Current and Planned Control Measures	Probability	Target Severity	Risk Profile	Assigned To
Level	Corporate							
<i>Corporate Plan</i>	<i>A2. Young People - Vulnerable Children and young people's opportunities</i>							
Children's Services deliver a range of services across a wide geographic area and all service users need to be safe. Children's Social Work manage high risk, complex situations in their work with families. Often it requires significant resource provision to mitigate risks and ensure the safety of a child or young person. A crisis or escalation of a complex situation (often unanticipated) can put a child at increased risk of harm. A failure to act quickly or to the extent required because of restricted resources can result in the child being exposed to potentially more harm or to harm for a longer period of time, resulting in harm to the child, impact on services and financial impact (ORG0025 - Physical - People / Property - Other - Child Protection)	Possible	Major	High	• Robust systems and procedures in place. Preventative measures, effective communications and information sharing to ensure that any changes or increased risk are identified quickly.	Unlikely	Major	Medium	Helen Budge Shetland Islands Council
Failure to appropriately accommodate looked-after children, off-island placement. There are circumstances when the Children & Families Team is required to accommodate children and young people away from home. Currently, there is a shortage of foster placements and residential placements in Shetland. On occasion this results in placements being sought away from Shetland, which is undesirable and which comes at a high cost to the Local Authority. There are however situations whereby the assessed needs of a child or young person are such that they require a specialist service that is not available in Shetland, such as secure accommodation or a parenting assessment unit. (ORG0026 - Economic / Financial - Other)	Likely	Significant	High	• Working to identify and develop alternative and flexible solutions which includes development of fee-paid foster carers and ensuring a second residential property becomes operational	Possible	Significant	Medium	Helen Budge Shetland Islands Council
<i>Corporate Plan</i>	<i>B2. Older People - Independent Living</i>							
Shetland has an increasing older population and an increase in people with a learning disability reaching older age. Statutory services will need to have oversight of an increasing number of vulnerable adults to prevent harm occurring. A transition group is being established to manage clients moving from children to adult services. Triggers such as -Statutory services fail to identify and take account of all vulnerable adults within their remit, systems failure means that information is not fully collated and/or shared, could result in Vulnerable adult not given access to full range of services that they need, delay in access to services leads to harm to vulnerable adult, reputational risk to organisation, potential for HSE action, Care Commission/ external advisors' negative report, civil action. (ORG0024 - Communications failure - Risk of harm to a vulnerable adult)	Possible	Major	High	• There are well established mechanisms in place to support the detection of risk with an active Adult Protection Committee overseeing the work. There is good multi-agency working with formal arenas to discuss individual cases causing concern.	Unlikely	Major	Medium	Simon Bokor-Ingram Shetland Islands Council

Lack of compliance with standing orders on procurement, particularly in Ports and Harbours and Ferries Service. Internal Audit has previously identified widespread non-compliance issues, including potential breach of EU procurement regs. This issue is already live with Audit Scotland and risk damaging the Council's reputation as well as the potential for financial loss. (ORG0013 - Professional Errors and Omissions)	Possible	Minor	Medium	<ul style="list-style-type: none"> The Council's Contract Standing Orders have been updated in order to make them more fit for purpose including streamlining them to minimise the scope for breaches that are material. Updated standing orders, monitoring, training and information. Procurement sessions held with the majority of Executive Managers during 2014. Further work on awareness raising and monitoring is on-going across the Council. 	Unlikely	Minor	Low	Maggie Sandison Shetland Islands Council
Lack of compliance with policies leading to a poorly run organisation with costly consequences. The Council could still improve further compliance with council policies and procedures. These include Standing Orders, Health & Safety, Risk Management, Insurance, Financial Regulations, Travel & Expenses, Employee Review & Development, managing poor performance and attending mandatory training events. (ORG0015 - Professional Errors and Omissions)	Possible	Extreme	High	<ul style="list-style-type: none"> CMT has been sending out a strong message on compliance with policies which is having an effect, particularly with regard to budgetary control and financial management. However, there is still an issue of non-compliance in a number of other areas which has yet to be addressed. Some policies and processes need to be reviewed in order to ensure that compliance across the organisation is more achievable. 	Possible	Significant	Medium	Mark Boden Shetland Islands Council
Management capacity to deliver the benefits of health and social care integration. Significant effort is required to continue driving the integration agenda and to realise the benefits, and adequate management capacity and skill is required to achieve this. Locality working will require further drive and effort to achieve a shift in structure that delivers front line benefits to residents. (ORG0016 - Professional - Other)	Possible	Major	High	<ul style="list-style-type: none"> There is a joint management structure in place. Work underway to deliver strategic direction agreed by IJB where localities are better supported. 	Possible	Significant	Medium	Simon Bokor-Ingram Shetland Islands Council

Failure to deliver major STERT review on time and on budget. The time frame for the project is up to June 2018 i.e. the end of the Interim Joint Principal position. There is a change fund of £300K for two years but there will be an ongoing saving of £200K from the start of the second year. In the first year these payments will be attached to milestones which are also deliverables of the Interim Joint Principal. The project timescale is now less challenging as an Interim Joint Principal has been appointed and is now in post' (ORG0022 - Professional - Other)	Unlikely	Significant	Medium	<ul style="list-style-type: none"> There are project management arrangements in place which have been enhanced and strengthened recently. Both the Council and the NAFC Marine Centre Board confirmed their commitment to the next steps towards integration on 24 Feb and 3 March respectively. Project timescales are however challenging. The project timescales will be less challenging once an Interim Joint Principal has been recruited and this process is now significantly progressed. Ensure an early start date. 	Unlikely	Minor	Low	Neil Grant Shetland Islands Council
Failure to deliver major AHS build project on time and on budget. Complex project involving several external parties, following a methodology not previously used by the Council Design Build Financial Model (DBFM) which increases the risk of the project going off track. However, financial close was achieved in July 2015, and construction has commenced. A lack of understanding of DBFM, project management failure or partner failure can lead to project delay and/or budget rises, negative reaction in press and public. Project completion is currently timetabled for Sept 2017 (ORG0028 - Professional - Other)	Possible	Significant	Medium	<ul style="list-style-type: none"> Project risk register in place which is closely monitored and managed 	Unlikely	Significant	Medium	Mark Boden Shetland Islands Council
Recent Council activities plus local / national issues have led to an increased workload for Services across the Council and within Corporate Services - and particularly for Finance, Governance and Law, Capital Programme and Human Resources. There is a limit to how much additional work staff can absorb - staff and services are considered to be at capacity. (ORG0032 - Corporate/Community plan - failure to meet)	Possible	Significant	Medium	<ul style="list-style-type: none"> Our Plan 2016-20 has been agreed. This explains the outcomes that the SIC wants to achieve by April 2020. Our financial planning process is more robust and in line with other planning processes. The risks to Directorate and Service plans are articulated and considered in reports. The Risks for new initiatives including the allocation of resources are considered at Project start up and kept under review. 	Unlikely	Minor	Low	Christine Ferguson Shetland Islands Council

Corporate Plan

F13. Our "20 By '20" - Workforce Planning

The distant and remote nature of Shetland means that there is a small labour pool and therefore limited skills locally which is a greater challenge due to occupational segregation in areas such as ferries and social care. The national pay structures also place restrictions on our ability to match salaries of larger organisations. (ORG0018 - Demographic change - Recruitment & Retention of some technical/ skilled/semi-skilled staff)	Possible	Minor	Medium	• HR continually reviews the council's HR policies and processes to maximise successful recruitment and retention .Support is also provided to managers to ensure effective people management that encourages staff retention within service areas.	Unlikely	Minor	Low	Denise Bell Shetland Islands Council
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Corporate Plan

F15. Our "20 By '20" - Assets

The current Anderson High School campus is a large open site with a number of buildings on it. There are various access points to the campus and it is surrounded by residential properties. The school will be vacated when the service/ staff/ pupils, etc move to the new build at the Clickimin. A failure to properly plan for the vacant campus may lead to missed opportunities to capitalise on this asset. There will be on-going costs associated with the site, rates, maintenance etc, and a risk of vandalism or other damage. There is also a risk of reputational damage if the site is not developed. (ORG0035 - Missed opportunities)	Unlikely	Extreme	High	• The Council is finalising a Development Brief for the site - and will shortly be undertaking a masterplanning exercise. It is hoped this will be complete by Autumn of 2017.	Unlikely	Significant	Medium	Robert Sinclair Shetland Islands Council
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Corporate Plan

F2. Our "20 By '20" - Staff Value & Motivation

An organisation-wide Staff Viewpoint Survey was carried out in January 2015 for the purpose of gauging staff opinions. The returns were analysed with the issues prioritised, and that information was reported to Directors, Managers and staff. Managers and Directors were then tasked with putting in place a range of measures to address the specific issues raised. The comments made reflect concerns about the Council, recent changes, and the impact of those changes. In general you suggested things such as: •better communication, •listening more, •being clear about Council strategy and sticking to it, •having better training for Managers, •Senior Leaders spending more time on the "shop floor". (ORG0031 - Missed opportunities)	Possible	Significant	Medium	• Various measures in progress: Action plan prepared following Viewpoint Survey, Workforce Strategy has been agreed.	Rare	Significant	Low	Denise Bell Shetland Islands Council
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Corporate Plan

F4. Our "20 By '20" - It Equipment & Systems

Malicious cyber attack could happen at any time. ICT and SIC have a host of security systems and approaches in place. However, an attack, successful or otherwise, can always happen. It may be impossible to tell whether there has been an attack, or what any attack has looked at/ taken/ copied. Any attack could result in compromise /damage to systems or reputation, data leak, loss of data or system downtime. (ORG0029 - Malicious damage/ vandalism/sabotage)

Unlikely

Major

Medium

- Anti-virus and firewall defences, ICT security policy, Message Labs scan all incoming e-mail. Corporate anti-virus installed on all servers and workstations. Corporate firewalls Surecloud monitoring server appliance - Operations Bridge to monitor network activity and check open server ports

Rare

Significant

Low

Susan Msalila Shetland Islands Council

Corporate Plan

F5. Our "20 by '20" - Standards of Governance

Health & Social Care Integration. Shetland's Integration Joint Board has delegated authority for the strategic planning of services, and the responsibility for directing delivery to achieve those strategic aims. Board has been established and core constitutional documents approved. The risk is that the outcomes for the individuals and communities does not improve within a new framework. (ORG0014 - Policies - effect of - ORG0014 - Policies - effect of)

Possible

Significant

Medium

- A Strategic Plan is in place for 2016/17 that sets out service delivery matched to available funding.
- Performance indicators have been developed to complement the national core suite of indicators. Joint governance arrangements are in place with NHS Shetland that bring together scrutiny of both clinical and social care activity. .
- The Chief officer for the IJB is the Director of Community Health and Social Care, who is a member of a national group of Chief Officers and information from the meeting/ activities of the group will ensure that the Council is kept up to date with developments so that these can be fed back to a wider audience.

Unlikely

Minor

Low

Simon Bokor-Ingram Shetland Islands Council

The Council invested heavily in infrastructure at the time when the oil industry was taking off. This infrastructure was funded from income generated from the oil industry. That infrastructure is now aging and will need to be replaced, however, the financial situation is now tighter which will mean that it will be challenging to finance this. (ORG0021 - Physical - People / Property - Other)	Likely	Extreme	High	• The current Asset Investment Plan focuses on the maintenance of existing assets in order to prolong their useful economic lives. This should mitigate against the risk of immediate failure. In order to address the longer term replacement of assets, a Borrowing Policy was approved by Council on 11 December 2013.	Likely	Major	High	Christine Ferguson Shetland Islands Council
Data Protection, Human Rights, Employment Practice, Health and Safety etc - The Council handles significant quantities of data including confidential and personal data on a daily basis. It is expected to be an exemplar of good practice and to maintain high standards of security and confidentiality at all times. Information management is managed within the legislative framework as set out by the Information Commissioner. Uncontrolled release of data could expose the organisation to a range of impacts - reputational damage or action against the organisation by the Information Commissioner, financial loss/ fine, negative media coverage and reputational damage, possible disciplinary action, stress for staff, loss of confidence in Services. (ORG0030 - Breach of Legislation)	Unlikely	Major	Medium		Rare	Major	Medium	Jan R Riise Shetland Islands Council
The Council is in, or involved in, various and different partnerships. Various local and national legislative requirements and governmental initiatives, such as the Community Care Act and Community Care Model, will require the Council to participate in partnership working to ensure effective implementation. Specific governance arrangements may need to be established, depending on the purpose and membership of a partnership, and this can demand significant input from the Council at a time of scarce resources and conflicting demands on those resources. (ORG0033 - Partnership working failure)	Possible	Significant	Medium		Unlikely	Significant	Medium	Mark Boden Shetland Islands Council

Corporate Plan

F6. Our "20 By '20" - Financial Management

The SIC Pension Fund is currently not 100% funded. At 31 March 2014 triennial evaluation the Fund was 91.7% funded. The SIC Pension Fund has a number of Admitted Bodies that have liabilities to fund over the long term, with potential risks to the Council from these arrangements. (ORG0034 - Customer / Citizen - Other)	Almost Certain	Major	High	• For Bodies seeking admission to the Pension Fund they now have to be supported in doing so by the Council (as a Schedule 1 Body) and also provide a guarantee / bond to meet any liabilities should they default in the future. This mitigates the risk in relation to new entrants.	Rare	Extreme	High	Jonathan Belford Shetland Islands Council
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Corporate Plan

F8. Our "20 by '20" - Efficient

Failure to deliver on Medium term Financial Plan - The Council's reserves have decreased by 60% since the turn of the century due to an over reliance on them to meet the funding gap between income and expenditure. The Council continues to operate unsustainably and without intervention, the Council would eventually run out of reserves altogether. (ORG0020 - Economic / Financial - Other)	Unlikely	Extreme	High	• The Financial Management arrangements of the Council have been strengthened with the introduction of the MTFP and more rigorous budgetary control.	Unlikely	Major	Medium	Mark Boden Shetland Islands Council
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Corporate Plan

Shetland Islands Council - Our Plan 2016 - 2020

On 23rd June 2016, a country-wide referendum was held to identify whether the UK wished to remain in, or leave, the European Union. Following the immediate political turmoil, there has been ongoing economic and political uncertainty. Various organisations in Shetland receive EU funding and this could be (and in some cases, has been) removed. The Shetland Islands Council receives EU funding for a number of purposes. Trigger: Referendum result, post referendum political and economic uncertainty or change, could lead to: Short-term - Withdrawal of funding, political and economic uncertainty, potential impact on recruitment, uncertainty for non-UK EU nationals employed by SIC/ in Shetland, impact on partner organisations and partner-funded bodies. Does the SIC have a lobbying role?;	Medium term: Withdrawal of funding, political and economic uncertainty, legislative change, regulatory uncertainty, impact on pension fund and Council investments, issues round fish quotas/ market/ pelagic fleet, economic impact, uncertainty for non-UK EU nationals employed by SIC/ in Shetland, potential impact on recruitment (of staff/ students),/ on SIC's workforce planning particularly given the already complex arrangements put in place by the UK Borders Agency in relation to preventing illegal working potential for further legislative, political and structural change, opportunity to influence direction and shape of new legislation, impact on partner organisations and partner-funded bodies, requirement to consider risks around capital expenditure. What is the SIC's role and priorities?; Long-term: Uncertainty, impact on longer term planning for organisation, potential for further legislative, political and structural change. (ORG0037 - Political - Other)	Likely	Major	High	• Development Services are preparing a Brexit impacts paper for Shetland which should help in scenario planning, lobbying etc. 4th October Risk Board to focus on Brexit risks, potential for an all-day service plan seminar with an opportunity to discuss Brexit at that forum.	Possible	Minor	Medium	Mark Boden Shetland Islands Council
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**Policy and Resources Committee****30 August 2016**

Policy and Resources Committee Business Programme – 2016/17	
GL-37-16-F	
Team Leader – Administration	Governance and Law Corporate Services

1.0 Summary

- 1.1 The purpose of this report is to inform the Committee of the planned business to be presented to Committee for the financial year 1 April 2016 to 31 March 2017, and discuss with Officers any changes or additions required to that programme.

2.0 Decision Required

- 2.1 That the Policy and Resources Committee considers its business planned for the financial year 1 April 2016 to 31 March 2017, and RESOLVES to approve any changes or additions to the Business programme.

3.0 Detail

- 3.1 The Council approved the schedule of meetings for 2016/17 at its meeting on 16 December 2015 (Min Ref: 79/15).
- 3.2 It was agreed that the Business Programmes for each Committee would be presented to the Planning and Performance Management Framework (PPMF) meetings scheduled to be held week beginning 29 February 2016.
- 3.3 The manner in which meetings have been scheduled is described below:
- Ordinary meetings have been scheduled, although some have no scheduled business at this stage. Where there is still no scheduled business within two weeks of the meeting, the meeting will be cancelled;
 - Special meetings may be called on specific dates for some items – other agenda items can be added, if time permits;

- PPMF = Planning and Performance Management Framework meetings have been called for all Committees and Council once per quarter. These meetings are time restricted, with a specific focus on PPMF only, and therefore no other business will be permitted on those agendas;
 - Budget = Budget setting meetings – other agenda items can be added, if time permits, or if required as part of the budget setting process; and
 - In consultation with the Chair and relevant Members and Officers, and if required according to the circumstances, the time, date, venue and location of any meeting may be changed, or special meetings added.
- 3.4 The Business Programme for 2016/17 will be presented by Committee Services to the Council and each Committee on a quarterly basis for discussion and approval, particularly in relation to the remaining projects and reports which are listed at the end of the business programme page for each Committee as still to be scheduled.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – The recommendation in this report is consistent with the following corporate priorities:

Our Corporate Plan 2013-17

- To be able to provide high quality and cost effective services to people in Shetland, our organisation has to be run properly.
 - Fully align the timetables, time spans and approaches for financial planning relating to the medium term yearly budgeting with Council, directorate and service planning.
- 4.2 Community /Stakeholder Issues – The Business Plan provides the community and other stakeholders with important information, along with the Council's Corporate and Directorate Plans, as to the planned business for the coming year.
- 4.3 Policy And/Or Delegated Authority – Maintaining a Business Programme ensures the effectiveness of the Council's planning and performance management framework. The Business Programme supports each Committees' role, as set out in paragraph 2.3 of the Council's Scheme of Administration and Delegations, in monitoring and reviewing achievements of key outcomes within its functional areas, whilst ensuring best value in the use of resources is met to achieve these outcomes within a performance culture of continuous improvement and customer focus.
- 4.4 Risk Management – The risks associated with setting the Business Programme are around the challenges for officers meeting the timescales required, and any part of the business programme slipping and causing reputational damage to the Council. Equally, not applying the Business Programme would result in decision making being unplanned and haphazard and aligning the Council's Business Programme with the

objectives and actions contained in its corporate plans could mitigate against those risks.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial – There are no direct financial implications in this report, but indirect costs may be avoided by optimising Member and officer time.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 The presentation of the Business Programme 2016/17 on a quarterly basis provides a focussed approach to the business of the Committee, and allows senior Officers an opportunity to update the Committee on changes and/or additions required to the Business Programme in a planned and measured way.

For further information please contact:

Louise Adamson

Tel Ext: 4555, email: louise.adamson@shetland.gov.uk

23 August 2016

List of Appendices

Appendix 1 – Policy and Resources Committee Meeting Dates and Business Programme 2016/17

Background documents:

Report GL-60-F: SIC Diary of Meetings 2016/17

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=4785>



**Policy and Resources Committee - Meeting Dates and Business Programme 2016/17
as at Tuesday, 23 August 2016**

Policy and Resources Committee			
			<i>D= Delegated R=Referred</i>
Quarter 1 1 April 2016 to 30 June 2016	Date of Meeting	Business	
	Ordinary 18 April 2016 10 a.m.	Irrecoverable Debt 2015/16	D
		An overview of Local Government in Scotland Audit Scotland Reports	D
		Audit Scotland Report – Major Capital Investment in Councils	D
		Audit Scotland Report – Procurement in Councils – Impact Report	D
		Workforce Strategy	D
		Chair’s Report – Development Committee: Business Case for the use of Assets Transferred from Shetland Development Trust	D
		Care and Support Charging Policy 2016-2019	D
		College Lecturers Pay Claim	D
		Exemption from Contract Standing Orders MV Geira Emergency Works	D
		Update on Request for Support	R SIC 20 April
		Commissioning and Procurement Strategy	R SIC 20 April
		Shetland’s Local Outcome Improvement Plan	R SIC 20 April
		College Integration – Progress Update and Next Steps	R SIC 20 April
		College Integration – Joint Principal Recruitment	R SIC 20 April
		Corporate Risk Register	R SIC 20 April
	PPMF 24 May 2016 10 a.m.	Management Accounts for Policy and Resources Committee 2015/16 – Projected Outturn at Quarter 4	D
		SIC Draft Outturn 2015/16	D
		Corporate Risk Register	D
		Fund Management Annual Report 2015/16	D
		Asset Investment Plan – Progress Report – Quarter 4	R SIC 25 May
		Corporate and Chief Executive Services Departments – Performance Overview – Quarter 4	D
		Development Services Directorate Performance Report: 12 Month/4 th Quarter 2015/16	D
		Corporate and Chief Executive Services Departments Directorate Plan – Integrated and Formatted Final Edit	D
		Solan and Bonxie – Conclusion of Sale	D
		Committee Business Programme 2016/17	D



**Policy and Resources Committee - Meeting Dates and Business Programme 2016/17
as at Tuesday, 23 August 2016**

Policy and Resources Committee (continued)

D= Delegated R=Referred

	Date of Meeting	Business	
Quarter 1 1 April 2016 to 30 June 2016 <i>continued</i>	<i>Ordinary</i> 28 June 2016 2pm	Chair's Report – Development Committee – 13 June 2016	D
		Strategic Housing Investment Plan – Update	
		Joint Staff Forum – Terms of Reference	R SIC 29 June
		Proposed Amendment to Review Revision of Course Fees 2016/17	R SIC 29 June
		Low Carbon Transport – Electric Vehicle Charge Points Charge Costs	R SIC 29 June
		ICT Strategy update (2016/21)	D
		Knab Development – Masterplanning	R SIC 29 June
		New Gateway Process for the Approval of Capital Projects	R SIC 29 June
		Review of Strategic Options for the Port of Sullom Voe – Progress and Next Steps	R SIC 29 June
		Review of Scalloway Harbour – Progress and Next Steps	R SIC 29 June
		Community Empowerment (Scotland) Act 2015 – Consultation on Draft Response	D
		Chair's Report – Harbour Board – 15 June 2016 Ports and Harbours Management Review	D
		Due Diligence Exercise – Update on Governance Arrangements	R SIC 29 June
		Review of Commissioned Services	R SIC 29 June
Quarter 2 1 July 2016 to 30 September 2016	<i>PPMF</i> 30 August 2016 10am	Date of Meeting	Business
		Management Accounts for Policy and Resources Committee 2016/17 – Projected Outturn at Quarter 1	D
		Management Accounts for Community Health and Social Care Directorate– Projected Outturn at Quarter 1	D
		Corporate Risk Register	R SIC 31 Aug
		Confidential Risks	R SIC 31 Aug
		Knab Redevelopment – Masterplanning Procurement	R SIC 31 Aug
		Overall SIC Management Accounts 2016/17– Projected Outturn at Quarter 1	D
		Council Investments Review 2016/17 – Quarter 1	D
		Asset Investment Plan – Progress Report – Quarter 1	R SIC 31 Aug
		Corporate and Chief Executive Services Departments – Performance Overview – Quarter 1	D
		Committee Business Programme 2016/17	D



**Policy and Resources Committee - Meeting Dates and Business Programme 2016/17
as at Tuesday, 23 August 2016**

Policy and Resources Committee (<i>continued</i>)			
		<i>D= Delegated R=Referred</i>	
Quarter 3 1 October 2016 to 31 December 2016	Date of Meeting	Business	
	Ordinary 24 October 2016 at 10 a.m.	Medium Term Financial Plan 2017/18 to 2021/22	R SIC 2 Nov
		Borrowing Policy 2017/18 to 2021/22	R SIC 2 Nov
		Long Term Financial Plan 2016-2051	R SIC 2 Nov
		Charging Policy Review	R SIC 2 Nov
		Knab Site – Redevelopment Options	R SIC 2 Nov
		National Housing Trust Options	R SIC 2 Nov
		Implement Review of Economic Development	D
		Winter Gritting Vehicles	D
		National Bargaining (deferred from 28/6)	R SIC 2 Nov
		ZWS Charter and Recycling Changes/charges	D
		Staff Development Policy	D
		Acting Up/Undertaking Higher Duties Policy	D
		Smoking At Work Policy	D
		Occupational Road Risk Policy and Handbooks	D
		Lone Working Policy	D
		Essential Care User Allowance Review	D
		Living Wage Update	D
		HRA Business Plan (Chair's report?)	R SIC 2 Nov
		Review of Quota Management Arrangements	D
		Airport Charges – Update	D



**Policy and Resources Committee - Meeting Dates and Business Programme 2016/17
as at Tuesday, 23 August 2016**

Policy and Resources Committee (<i>continued</i>)			
		<i>D= Delegated R=Referred</i>	
Quarter 3 1 October 2016 to 31 December 2016 <i>Continued</i>	Date of Meeting	Business	
	PPMF/ Budget 7 December 2016 2 p.m.	Management Accounts for Policy and Resources Committee 2016/17– Projected Outturn at Quarter 2	D
		Management Accounts for Community Health and Social Care Directorate – Projected Outturn at Quarter 2	D
		Overall SIC Management Accounts 2016/17 – Projected Outturn at Quarter 2	D
		Council Investments Mid Term Performance Review 2016/17	D
		2017-18 Policy and Resources Committee Budget and Charging Proposals	R SIC 14 Dec
		2017-18 HRA Budget and Charging Proposals	R SIC 14 Dec
		2017-18 Community Health and Social Care Directorate Budget and Charging Proposals	R SIC 14 Dec
		Proposed Five year Asset Investment Plan 2017/18 to 2021/22	R SIC 14 Dec
		Chair's Reports on 2017-18 Budget and Charging Proposals (from each of the Committees/Harbour Board/College)	D
		2017-18 SIC Budget Book	R SIC 14 Dec
		Corporate Risk Register	R SIC 14 Dec
		Confidential Risks	R SIC 14 Dec
		Corporate and Chief Executive Services Departments – Performance Overview – Quarter 2	D
		Corporate and Chief Executive Services Departments Directorate Plan 2017-18	D
		Asset Investment Plan – Progress Report – Quarter 2	R SIC 14 Dec
		Committee Business Programme 2016/17	D
Quarter 4 1 January 2017 to 31 March 2017	Date of Meeting	Business	
	Ordinary 13 February 2017 at 10 a.m.	Annual Investment and Treasury Strategy 2017/18	R SIC 22 Feb
		Irrecoverable Debt 2016/17	D
		Employee Review and Development Policy	D
		Health and Wellbeing Policy	D
		Substance Misuse Policy	D
		Equalities Update	D
		Organisational Development and Workforce Strategy	D



Policy and Resources Committee - Meeting Dates and Business Programme 2016/17 as at Tuesday, 23 August 2016

Policy and Resources Committee (<i>continued</i>)			
		<i>D= Delegated R=Referred</i>	
Quarter 4 1 January 2017 to 31 March 2017 <i>Continued</i>	Date of Meeting	Business	
	PPMF 7 March 2017 10 a.m.	Management Accounts for Policy and Resources Committee – Projected Outturn at Quarter 3	D
		Management Accounts for Community Health and Social Care Directorate – Projected Outturn at Quarter 3	D
		SIC Overall Management Accounts 2016/17 – Projected Outturn at Quarter 3	D
		Council Investments Review 2016/17 – Quarter 3	D
		Corporate Risk Register	R SIC 8 March
		Confidential Risks	R SIC 8 March
		Corporate and Chief Executive Services Departments - Performance Overview Q3	D
		Asset Investment Plan – Progress Report – Quarter 3	R SIC 8 March
		Committee Business Programme 2017/18	D

Planned Committee business still to be scheduled - as at Tuesday, 23 August 2016

- Governance Review – Asset and Treasury Sub-Committee
- Single Outcome Agreement Annual Report 2014/15
- Quarterly Fund Management Investment Report
- Shetland College TOIL Policy
- Annual Report – Complaints
- Performance Management Strategy and Policy
- Allocations Policy for the Halls of Residence
- Audit Scotland and other External Audit Report – Best Value Reports

tbc = to be confirmed

PPMF = Planning and Performance Management Framework meetings – no other business to be added

Budget = Budget setting meetings – other items can be added if time permits

Ordinary = Ordinary meetings – other items can be added

Special = Special meetings arranged for particular item(s) – other items can be added if time permits

END OF BUSINESS PROGRAMME as at Tuesday, 23 August 2016